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# ***Daily Report***

## **China**

**FBIS-CHI-88-028**  
**Thursday**  
**11 February 1988**

# Daily Report China

FBIS-CHI-88-028

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11 February 1988

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**General**

**Commentary on U.S., Soviet Nuclear Inspection**  
*HK070104 Beijing JIEFANGJUN BAO in Chinese*  
31 Jan 88 p 4

["Weekly Commentary" column by Dongfang Tie (2639 2455 6993): "Eye to Eye"]

[Text] For the first time, the nuclear experimental grounds deep in the Nevada desert received a number of Soviet officials and nuclear specialists several days ago. Before this, a group of U.S. nuclear specialists visited for the first time the Soviet Semipalatinsk nuclear experimental grounds in Kazakh. According to reports, each side "has found out from every necessary angle the processes of nuclear experiments" of the other side. What they saw and heard are areas classified as top secret.

In the past, these nuclear specialists could only learn the internal situation of these bases through studying photos taken by satellites or through analyzing second- or third-hand information provided by spies. Today, they have been able to observe closely for the first time with their own eyes the nuclear hinterland of the opposite side. This makes the trial of strength between the United States and the Soviet Union even more complicated and subtle.

The United States and the Soviet Union have been contending for arms superiority for several decades, each distrusting and trying to cheat or outwit the other. This has given rise to the ideas of a "cold war" and "iron curtain." At present, to meet the needs of their respective strategies, they have reached a treaty on eliminating medium-range missiles. They have also held talks on reduction of strategic weapons, limitation and prohibition of nuclear tests, and reduction of conventional arms. All these involve the question of inspection. So-called "inspection" means urging the other side to "open the nuclear bag" in order to see what and how much is inside and to find out whether the disarmament agreement reached by both sides is observed. In other words, this means: "Verbal statements are no guarantee, and seeing is believing." This eye-to-eye inspection has a high degree of visibility and is microscopic.

For instance, articles on inspection stipulated in the U.S.-Soviet INF treaty stipulate that in the coming 13 years, the United States and the Soviet Union will check each other's original data, carry out several hundred on-the-spot inspections in all countries in which medium-range missiles have been deployed, and send large numbers of inspectors to various bases and plants. This kind of inspection is described by Reagan as "the most rigorous inspections in history" and by Soviet press as a model of "openness."

Nevertheless, since the fundamental conflict of interests between the two superpowers will not change, their deep-rooted sense of distrust of the other fostered over a very long period remains. Either "openness" or "visibility" will fall short of requirement. Just take, for example, the U.S.-Soviet INF treaty. Immediately after the signing of the treaty, which was described by the United States and the Soviet Union as the "most sincere," the United States said there was a discrepancy in the length of SS-23 missiles as shown in photos provided by the Soviet Union and those as shown in data in the hands of the United States. The Soviet Union replied sarcastically that the United States was making an issue of "something as small as a hen's egg" and that the United States has kept back some medium-range missiles. The latter the United States regarded as "a negligible minor matter as small as a fruit pit." To date, the confusion caused by the dispute over "a hen's egg" and "a fruit pit" remains. The United States and the Soviet Union have so many problems even in the elimination of medium-range missiles. What will happen to the question of strategic missiles, which is far more complicated than that of medium-range missiles?

In the areas for the trial of military strength between the United States and the Soviet Union, there is no such "all-seeing eye" as mentioned in the Bible. Their suspicions and intrigues against one another have developed to conditioned reflexes. However, since they need "detente" to reduce the pressure of the arms race on economic development, they must permit some "openness" and "visibility"; otherwise, it would be difficult to have compromise. Not long ago, the chief of general staff of the Soviet armed forces admitted that the military budget published by the Soviet Union does not reflect its actual military expenditure. This is also something unprecedented. In the past, the Soviet Union insisted that its military expenditure accounted for only about 5 percent of the total state budget, a figure which was greatly different from the one estimated by most people. Now, the Soviet Union has openly admitted that the figure is not correct, and this can be considered as a step forward. However, nobody can tell how accurate the figure to be published in the future will be. In this regard, the United States has outdone the Soviet Union. Holding dialogue in which truth mingles with fiction, "visibility" is only a hazy notion, and "each holds a pipa, a plucked string instrument, to hide the face" will be a new characteristic in the trial of strength between the United States and Soviet Union in the future.

From now on, in some areas in which the United States and the Soviet Union think that compromise may be reached, the "black box" may be opened to a certain extent. However, in crucial areas in which their contention is fierce, they will exert their utmost to cover up the eyes of the opposite side and dark places will remain dark.

**Space Launch Program Under Development**  
*HK060247 Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) in English 6 Feb 87 p 5*

[By David Dryden]

[Text] Through an aggressive marketing drive to attract international business for its launch operations, and pronouncements on preparations for a space shuttle program that aims to put a space station and astronauts into orbit within the next two decades, China is attempting to close the technological and status gaps with its main space rivals.

However, the truth may be more a case of science fiction than science fact.

This year sees the first launch of foreign satellites by Chinese Long March 3 rockets, a major step in Beijing's attempts to turn the space industry into a money-generating enterprise.

Although significant, the satellites, belonging to the American companies, Teresat and Pan American Pacific, are two of only three known firm contracts signed in nearly two years of negotiations with companies from the U.S., Britain, the Netherlands, Australia, Canada, India, Indonesia, Pakistan, Brazil and, probably, Jordan.

The Chinese had expected considerably more sales, especially in view of the serious problems of their principal competitors, the European Ariane and the U.S. Thor and Space Shuttle programs—both grounded for one to two years following major launch failures—and their aggressive sales drive, offering launch prices between 15 to 30 percent cheaper, coupled with discounted insurance premiums.

Beijing was prepared for more than 50 launches in the next five years if demand dictated, half for geosynchronous-transfer orbits, and half for low earth polar orbits. It seems likely now that foreign commercial launches will average no more than one or two per year over the next five years.

Foreign reluctance to take up the hard-to-beat Chinese offers reflects strong doubts within the international space community over the actual state of development of China's space industry.

"People believe China is incapable of making decent toilets, let alone send their satellites into space," said one Western technical attache.

To allay such fears, the Chinese have opened up their launch sites, in Jiuquan in Gansu Province and Xichang near Xian, [as published] to potential customers and industry counterparts from other countries. Most have come away impressed at the sophistication of the facilities, and put the Chinese only some five to 15 years behind the European and U.S. space programs.

Beijing's involvement into the international market is as much determined by prestige considerations and the access to foreign technology as by seeking commercial gains.

"What better way to announce to the rest of the world that China has come of age than to see Chinese rockets with foreign payloads majestically roar into the sky, and it takes only one to do so," said Gerard Houa [name as published] of the French aerospace company Matra.

The prohibitive costs of space development is forcing the once highly secretive Chinese into closer foreign co-operation, said Houa. The Chinese are reportedly interested in participating in the European Eureka project.

The lack of commercial success may have deeper repercussions, however, on the domestic debate on the continued development of the space program.

According to Mr Chen Shouchun, of the China Great Wall Industrial Corporation (CGWIC), a final decision on whether to finance the development of China's space shuttle program is to be made within the year by the State Council.

"Project design and feasibility studies have already begun. Now we await to see whether money is forthcoming," he said, and added that the decision will be crucial to the future of the industry.

Mr Chen estimated that costs for the shuttle is about one-third the costs of Europe's own U.S.\$6-7 billion (about HK\$46.8-HK\$54.6 billion) shuttle project, Hermes.

Analysts say the Chinese are fully capable of putting into orbit a space shuttle within the next two decades, if the go-ahead was given.

The launch platform would most likely be a modified Long March 3—the CZ3A-4L, planned to be able to carry a 4,000 kg payload into geosynchronous transfer orbit. The shuttle's design would be "middle-sized", said Mr Ren Xinmin, chairman of the Science and Technology Committee of the Ministry of Astronautics (MOA), and would be modelled on the Hermes design rather than the NASA space shuttle.

Chinese space officials have expressed the desire to put up a shuttle and space station by the end of 2010.

But, as Mr Chen pointed out, the likelihood of the go-ahead being given is not good. "The Government is not very interested in the idea at the moment. Maybe at the end of the century," he said.



Western diplomats echo this view. "All the talk of space shuttles and orbital stations is a publicity stunt. The Chinese just want to remain in the limelight to help sell its launch operations and show the fruits of the modernisation," said one Beijing attache.

More likely is the possibility of a Chinese astronaut going up either on the U.S. shuttle or on a modified Long March 2 rocket into low earth orbit, like the American Apollo and Soviet Soyuz craft.

The Chinese have already sent up dogs, rats and fruit flies, and selected air force pilots have undergone necessary training. According to Mr Chen, sufficient work has been done on life-support systems to sustain an astronaut in space.

An arrangement between NASA and the MOA has reportedly been reached to allow a Chinese participant on a future shuttle mission.

The cost of the space program has not been officially disclosed, but Mr Ren said in 1985 that total investment in the space industry since 1954 was equivalent to the first stage of the Baoshan steel works project, approximately U.S.\$5 billion, though this seems low, and probably does not include spending on military research and development, say analysts.

The concentration of resources on space has meant other important areas of the economy have been neglected. It is a paradox that China has such a sophisticated space program but has not managed to produce its own indigenous fighter aircraft or civilian airliner.

The CGWIC is currently engaged in talks of offering satellite facilities to a number of developing states in Asia.

#### **Procedures Set for Judicial Assistance**

*OW090451 Beijing XINHUA Domestic Service  
in Chinese 1152 GMT 6 Feb 88*

[Text] Beijing, 6 Feb (XINHUA)—The Sino-Polish accord on judicial assistance in civil and criminal cases will become effective on 13 February. In this connection, the Supreme People's Court has, in a circular to all higher and intermediate people's courts, railway transportation intermediate courts, and maritime courts throughout the country, set forth regulations governing the procedures in implementing accords on judicial assistance that China has signed with foreign countries.

Since China adopted the open policy, many countries have requested the signing of accords on judicial assistance with China. Last year, China signed accords on judicial assistance with France, Poland, and Belgium. It is expected that similar accords will be signed between China and other countries in the future.

The circular issued by the Supreme People's Court provides: Whenever a foreign country, which has signed an accord with China, requests judicial assistance from Chinese courts through the Chinese Ministry of Justice, all the documents and paper work submitted for this purpose shall be examined by the Supreme People's Court before being referred to an Intermediate People's Court or tribunal designated by the Higher People's Court. The court or tribunal must handle the case in accordance with the provisions stipulated in the accord on judicial assistance reached with that country. After the case has been handled, it will be examined by the original Higher People's Court and the Supreme People's Court. Then, the Supreme People's Court shall translate the case into a foreign language and refer it to the Ministry of Justice along with the original documents and papers. The ministry will then refer them to the original applicant.

When a Chinese court requests its foreign counterpart to provide judicial assistance, it must also furnish documents and relevant paper work as prescribed in the accord China has reached with that country on judicial assistance. After these documents have been examined by the Higher People's Court, they shall be referred to the Supreme People's Court. After examining them and translating them into a foreign language, the Supreme People's Court will refer them to the Ministry of Justice along with the Chinese originals, and the ministry will refer them to the foreign counterpart.

Should there be no such an accord between China and a foreign country and judicial assistance is needed, China will handle the case according to the relevant provisions prescribed in the Chinese Law of Civil Procedures (for trial implementation).

#### **UN Communication Council Ends 8 Feb**

*OW092339 Beijing XINHUA in English 0930 GMT  
9 Feb 88*

[Text] Paris, February 8 (XINHUA)—The Ninth Annual Conference of the Intergovernment Council of the UN International Program for the Development of Communication ended here Monday.

The conference, which began on February 2, elected Switzerland as the council's new chairman and China, Cuba, and Arab Yemen as vice chairman.

The International Program for the Development of Communication, a subsidiary of UNESCO, was set up in 1981 to hasten international cooperation in communication and help Third World countries in the field.

#### **United States & Canada**

##### **Links Denied Between Arms Seller, Diplomat**

*HK110930 Hong Kong AFP in English 0926 GMT  
11 Feb 88*

[Text] Beijing, Feb 11 (AFP)—China denied Thursday that the sentencing of a Chinese-born American for illegally exporting arms to China was linked to the recent

departure of a Chinese diplomat from the United States. "Reports about the alleged illegal selling of arms to China by a Chinese-American and the consequent departure of a Chinese diplomat from the United States are sheer fabrication with ulterior motives," a Foreign Ministry spokesman said.

Charles Chang, 52, was sentenced to two years in jail by a New York court Monday for allegedly plotting to export 10 Tow-II anti-tank missiles to China.

An alleged conspirator, Shang-Yao Chi, told the court in December that he had introduced Mr. Chang to a diplomat identified as a member of China's mission to the United Nations who has since left the United States.

Beijing lodged a strong protest with Washington in December over what it called a "frame-up" of two Chinese diplomats expelled for allegedly spying.

The diplomats, identified as military attache Hou Desheng and consul General in Chicago Zhang Weichu, were the first Chinese diplomats asked to leave the United States since the normalization of ties in 1979.

**'Seize the Opportunity To Enter U.S. Market'**  
*HK110231 Beijing JINGJI RIBAO in Chinese*  
30 Jan 88 p 2

[Article by Chen Yansheng (7115 3508 3932) of the Investigation and Research Office of the Xian branch of the Bank of China: "Seize the Opportunity To Enter the U.S. Market"]

[Text] It is possible for Chinese products to enter the U.S. market. The key is to improve some aspects of our present practice so as to expand exports. It is difficult for China's high-grade durable consumer goods to compete with West German, Japanese, and U.S. products. But there is great potential in the competitiveness of goods for daily use produced by our country. The quality of China's clothing materials, fashions, shoes, hats, food, tableware, cutting tools, furniture, and sofas is by no means inferior to that of Taiwan's and Hong Kong's products. With some improvement, they will be up to international standards. Some of China's traditional products, such as silk, silk fashion, ginseng, Chinese medicine, and porcelain tableware; some native products, such as Zhenjiang pickled vegetables, Shanxi vinegar, Guangdong fermented bean curd, and other seasonings; and famous meat and fish dishes all have strong competitiveness.

However, these products are rarely seen in the U.S. market. What is most frequently seen in Chinese restaurants there is "Qingdao beer." A small quantity of "Maling" canned food can compete with Taiwan and Hong Kong products. Chinese cloth shoes are occasionally sold in stalls at reduced prices.

Since these Chinese products have competitiveness and their quality and workmanship are good, why is it that their marketing cannot be expanded? Is it that their prices are too high? The prices of goods for daily use sold in the U.S. market, such as clothes, shoes, hats, food, and tableware are generally four times as high as the prices of similar products sold in the Chinese market. Take traveling shoes as an example. They are sold at \$20 or so a pair in the U.S. market (more than 80 yuan), whereas similar shoes made in China are sold at about 20 yuan in the domestic market. The price of medium quality jackets is about \$60 each in the United States (about 240 yuan), whereas jackets of similar quality cost only 60 yuan in China. Labor-intensive food is even more expensive in the United States. One fried twisted dough or a bowl of soybean milk costs \$0.80 in the United States (about 3 yuan), whereas in China it costs only 1 to 2 jiao. The total amount of the taxes, freight, and insurance for our export commodities is still lower than three times the amount of their production costs. Therefore much profit can still be obtained from the sales of export commodities. Thus it is absolutely not because the production costs of our export commodities are high and they lack competitiveness that they cannot find their place in the U.S. market.

What is the reason? The foreign trade system that separates production from marketing is restricting the initiative of our enterprises in increasing their exports. Under this system, many enterprises do not pay attention to marketing, and quite a number of foreign trade and export corporations only aim at selling their products to the Hong Kong market, but lack a long-term plan for setting up their agents in foreign countries. They sell their products to Hong Kong at lower prices than to foreign countries. As a result, some primary products from the mainland are re-exported to foreign countries by Hong Kong businessmen after being further processed and labeled with their trademarks. A large amount of foreign exchange income thus falls into the hands of Hong Kong businessmen.

The U.S. dollar continues to fall in value, whereas the currencies of some Asian countries and regions are rising in value, thereby weakening their competitiveness in the U.S. market. Under such circumstances, the prices of Chinese products seem even lower. This is an extremely excellent "opportunity" provided for us by the international market. I hope the departments concerned will pay attention to this matter and will not miss this excellent opportunity.

### Soviet Union

**XINHUA on Soviet Nuclear Energy 'Plans'**  
*OW100830 Beijing XINHUA in English 0050 GMT*  
10 Feb 88

[Text] Moscow, February 9 (XINHUA)—A special center has been set up in the Soviet Union to collect and analyze information about the country's nuclear power plants and detect weak spots in their operation, the official Soviet news agency TASS reported today.



TASS quoted Nikolay Lukonin, Soviet minister of nuclear power engineering, as saying that his ministry will pay great attention to "training atomic power plant personnel."

Lukonin said that "mindful of the Chernobyl nuclear power plant accident, we regard it as our principal task to safeguard reliable operation of the fuel core and perfect the protection-control system."

The minister added that the location of nuclear power plants will take into account their distance from major cities, seismicity of the area, character of the ground and directions of the wind.

The accident at the Chernobyl nuclear power plant, 130 kilometers north of the Ukrainian capital of Kiev, took place on the night of April 25, 1986. The accident killed 31 people, sent 237 others to hospital with radiation sickness and led to the evacuation of 135,000 people from the area around the plant.

Despite the Chernobyl accident, the Soviet Union is continuing its plan to develop nuclear energy.

**Live Coverage of INF Treaty Discussion Noted**  
*OW0923400 Beijing XINHUA in English 1233 GMT*  
*9 Feb 88*

[Text] Moscow, February 9 (XINHUA)—The commissions for foreign affairs of the two houses of the Soviet parliament met today to discuss the U.S.-Soviet treaty on the elimination of intermediate-range nuclear forces (INF).

The debate on ratification of the treaty, reached between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan on December 8 in Washington, began in a televised joint session of the two commissions.

The two houses, after examining the treaty, will hand over their conclusions to the Presidium of the Supreme Soviet for ratification.

Opening the session in the Kremlin, Soviet party leader Yegor Ligachev said the INF treaty will pave the way for the Soviet and U.S. reduction of 50 percent of their strategic nuclear weapons.

Addressing the session, Soviet Defense Minister Dmitry Yazov said, "I support ratification, on the grounds that it is in the interests of the Soviet Union." The pact reduced the possibility of a limited nuclear war in Europe, he added.

Work on dismantling equipment for manufacturing INF forces has already started, Yazov said.

The founding of a special commission to review the treaty was agreed upon in the nearly two-hour session.

Representatives from Democratic Germany and Czechoslovakia, where Soviet-made INF missiles were deployed, also attended the session.

Live coverage of the session is a major step in the reform of Soviet television.

### **Northeast Asia**

**UN Council Meeting on KAL Crash Rejected**  
*HK110906 Hong Kong AFP in English 0842 GMT*  
*11 Feb 88*

[Text] Beijing, Feb 11 (AFP)—China rejected Thursday a request by Japan and South Korea for an "urgent" U.N. Security Council meeting over the sabotage of a South Korean airliner that killed all 115 people aboard in November.

"We do not favour discussing the South Korean airliner accident at the Security Council because this would not be conducive to the stability and relaxation of tension in the Korean peninsula," a Foreign Ministry spokesman said.

China, a member of the Security Council which also includes the United States, the Soviet Union, France and Britain, has never overtly condemned North Korea for its alleged involvement in the Korean Air (KAL) crash on November 29.

But Western diplomats believe that Beijing has no doubts about Pyongyang's involvement and is infuriated. Faced with the request from Japan and South Korea, China had no choice but to reject it in order to avoid additional problems in its already very difficult relations with North Korea, they said.

The U.N. Security Council, currently presided over by the United States, is scheduled to discuss the request Friday.

**Insurance Firm To Import Japanese Computers**  
*OW100813 Tokyo KYODO in English 0753 GMT*  
*10 Feb 88*

[Text] Tokyo, Feb. 10 KYODO—Fujitsu Ltd. said Wednesday it has received permission from the Ministry of International Trade and Industry (MITI) to export its general-purpose computers to a Chinese insurance company.

The People's Insurance Company of China, China's sole state-run insurance firm dealing with both life insurance and nonlife insurance, will import six M-760 computers and a total of 308 units of F9450 terminals from Fujitsu, a company spokesman said.

Fujitsu asked MITI last July to grant the company an export license for goods totaling 1.2 billion yen, the value of contracts made with the Chinese insurance firm the previous month, the officials said.

But administrative procedures were delayed due to tight restrictions on exports of high-tech goods to communist nations in accordance with COCOM [Coordinating Committee for Multilateral Export Controls] rules, he said.

The Chinese firm plans to install the computers at its six branch offices by June and to start operating them next year as part of its modernization program in line with the nation's Seventh Five-Year Economic Plan, which started in 1986.

### Southeast Asia & Pacific

#### **CGDK Cabinet Meeting Issues Communiqué** *BK111155 Beijing in Cambodian to Cambodia* 1030 GMT 11 Feb 88

[Text] Our station correspondent in Bangkok reported that the Coalition Government of Democratic Kampuchea [CGDK] held a cabinet meeting on 10 February and issued a communiqué which read in full as follows:

#### Communiqué of the CGDK Cabinet:

1. With the lofty permission dated 18 January 1988 of Samdech Norodom Sihanouk, president of Democratic Kampuchea, His Excellency Son Sann, prime minister of the CGDK, presided over a meeting of the CGDK Cabinet. Attending the meeting were His Excellency Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs; Prince Norodom Rannarit, representative of Samdech Norodom Sihanouk; and eight other ministers.

The cabinet listened attentively to the report by His Excellency Khieu Samphan on his recent meeting with Samdech Norodom Sihanouk in Beijing, and expressed satisfaction over the outcome of this meeting.

2. The cabinet satisfactorily summed up the progress of the struggle in all fields, military, political, and diplomatic, thanks to the arduous efforts of the three patriotic forces and the Cambodian people as well as the active support of many countries in the world.

At present, the Vietnamese aggressors have been more deeply bogged down, suffered serious difficulties in Vietnam, and become isolated in the international arena.

The cabinet pledged to jointly struggle both on the battlefield and in the international arena more vigorously for national liberation.

3. The cabinet expressed hopes and firm conviction that Samdech would very soon resume his function as president of Democratic Kampuchea. Meanwhile, the cabinet continued to respect and consider him as the president of Democratic Kampuchea. Samdech is a great patriot and a well-known Cambodian leader who has a very important role to play in the current struggle to compel the Vietnamese aggressors to withdraw troops from the Cambodian territory and in the defense of the independence, sovereignty, and territorial integrity in a liberal democratic regime.

4. So long as the SRV refuses to withdraw troops from Cambodia, the CGDK will resolutely carry on its current patriotic struggle.

The cabinet decided to enhance the cooperation of the three patriotic armed forces of the CGDK more effectively.

5. The cabinet called on all the patriotic forces and the entire Cambodian people to intensify their struggle against the Vietnamese aggressors on all battlefields throughout the country until Cambodia is totally liberated.

6. The cabinet would like to take this opportunity to express profound thanks to all friendly countries which have supported the Cambodian people's national liberation struggle and call on them to continue to support this struggle and to further help pressure the Vietnamese aggressors.

7. The meeting of the cabinet proceeded in a warm atmosphere of solidarity, unity, and cordiality permeated with firm confidence in the final victory of the struggle waged for national liberation by the Cambodian nation and people.

[Dated] 10 February 1988

[Signed] Son Sann

Khieu Samphan

Norodom Rannarit

#### **Sihanouk Interviewed on 'Unhappy Cambodia'** *HK111136 Hong Kong AFP in English 1113 GMT* 11 Feb 88

[Text] Beijing, Feb 11 (AFP)—Cambodia has become a hostage to Sino-Soviet rivalry and chances for peace in the war-torn country will remain dim as long as the current diplomatic deadlock continues, Prince Norodom Sihanouk said in a newspaper interview.

"The fate of unhappy Cambodia and its very unlucky people" rests neither with the resistance coalition, nor the Vietnam-backed Phnom Penh regime, he said.

"It depends on whether China, Thailand, Vietnam and the Soviet Union decide on a compromise, or on an endless continuation of the war," the resistance leader said in a written response to questions put to him here by the French daily LE MONDE.

The former king said the Khmer Rouge, responsible for the deaths of hundreds of thousands of Cambodians during their reign from 1975 to 1978, were strong enough to regain power if Vietnam withdrew from Cambodia.

"The day the last Vietnamese troops leave Cambodia, the Khmer Rouge will retake absolute power with no difficulty" and the Hanoi-backed Phnom Penh regime "will collapse like a house of cards," the 65-year-old prince said.

Vietnam has promised to withdraw its 140,000 soldiers from Cambodia by 1990, but many Western diplomats here doubt they will keep their promise.

Prince Sihanouk resigned as president of the tripartite resistance on January 30, calling the coalition made up of his supporters, the Khmer Rouge and the nationalists led by Son Sann an "abominable monster."

He then asked Vietnam to hold direct talks with him, but Hanoi refused.

(In Bangkok, Thursday the CGDK said after a meeting of its council of ministers at an undisclosed location Wednesday that it continued to consider Prince Sihanouk as its leader. The communique said participants in the meeting had "expressed hopes and conviction that (Prince Sihanouk) would very soon resume his function as president" of the CGDK.)

"It is an impossible situation," the prince told LE MONDE. "The Vietnamese will not leave Cambodia until the Khmer Rouge army disappears; the Khmer Rouge will accept no peaceful political solution to the 'Kampuchean Problem' until the Vietnamese totally and unconditionally remove their troops from Cambodia."

Over the past week, both the U.N.-recognized Coalition Government of Democratic Kampuchea and Khmer Rouge leader Khieu Samphan have asked Prince Sihanouk to withdraw his resignation as leader of the coalition.

Prince Sihanouk said he would remain "on leave from the presidency" this year and next—and perhaps longer—but added that he could not "categorically say no" to those asking him to change his mind.

"The Vietnamese are enormously pleased with my resignation," he said, adding that Hanoi could be encouraged to maintain its occupation of Cambodia if it believed that his resignation was irrevocable.

"If the Vietnamese see that I have left Democratic Kampuchea for good, they will feel strongly encouraged in both their refusal to evacuate their troops from Cambodia and in their political intransigence," he said.

The prince added that he would wait for "several more months" to see if any political initiatives would be forthcoming from Hanoi.

Prince Sihanouk has had some success in breaking the diplomatic deadlock with his December and January meetings in France with Cambodian Premier Hun Sen, the first between the resistance and Phnom Penh since Vietnam invaded Cambodia in December 1978.

But, citing medical reasons, he has since "deferred" new meetings scheduled for Pyongyang in April, France at the end of this year, and India in 1989.

Prince Sihanouk told the Paris daily that neither the Khmer Rouge nor China, which backs it, were "happy about my dealings with Hun Sen" and his initiatives for a peaceful solution.

But he said Beijing and the Khmer Rouge were "too intelligent" to publicly oppose his efforts, adding: "All that China and the Khmer Rouge can do... is to silently hope that I will always fail in my efforts to solve the 'Kampuchean problem'."

#### Thai-Laotian Border Conflict 'Remains Tense'

**Thailand Says SRV Troops Involved**  
OW100455 Beijing XINHUA in English 0727 GMT  
9 Feb 88

[Text] Bangkok, February 9 (XINHUA)—Troop reinforcements, mostly Vietnamese, and weapons continued to flow to the battle front in the disputed area along the common border of Thailand's Phitsanulok Province and Laos' Xaignabouri Province, local press today quoted a senior Thai military officer as saying yesterday.

Thai Army Chief-of-Staff General Chawalit Yongchaiyut noted that the situation there remained tense. "We have to continue drastic measures because we are confronting the Vietnamese," he added.

He said, Laos has deployed both Vietnamese and Laotian troops to reinforce its positions along the Laotian border near the embattled area, he added.

Thai Army Spokesman Narudon Detpradiyut disclosed yesterday that Thai troops have killed 69 Vietnamese troops and wounded more than 100 others in the fighting.

He said Thai fighters continued to pound Lao positions. "But it will take some time to completely dislodge the intruders, who are well-entrenched," he added.



Meanwhile, the official Laotian radio reported yesterday that Lao forces shot down a Thai reconnaissance plane on February 6 "while it was flying in violation of Laotian airspace over an area as many as 10 kilometers deep in Laotian territory."

However, a Thai Air Force spokesman denied the report, saying that Thai spotter planes never flew in areas where Laos had surface-to-air missiles.

The Thai-Laotian border conflict over an 80 sq km area started last November because of different demarcation of frontier lines in each other's maps. Of late both sides repeated their own claim for the disputed area and at the same time expressed their willingness for talks on a solution to the conflict.

**Thai Villagers Wounded in Attack**  
*OW101214 Beijing XINHUA in English 1112 GMT*  
10 Feb 88

[Text] Bangkok, February 10 (XINHUA)—Nine Thai villagers were wounded yesterday when Laotian forces fired artillery shells into two Thai villages in Na Haeu district of Loei Province, northern Thailand, reported the local press today.

Thai military sources were quoted as saying that it was the first time Laotian gunners "intentionally" pounded Thai villages outside the battle zone in fighting over a disputed area.

The two villages, one about 10 kilometers from the battle area and another five kilometers further south, were hit by 20 130mm artillery shells. Thai forces retaliated with artillery fire into Laos. But the Laotian casualties were not known.

Thai military sources at the border said that Laos' expansion of the battlefield was strongly backed by a "third country", an apparent reference to Vietnam which has an estimated 40,000 troops in that country.

Thai Army spokesman Maj-Gen. Narudon Detpradiyut said on February 8 that 69 Vietnamese soldiers had been killed and more than 100 others wounded in the fighting.

However, Laos denied the Thai charges that Vietnamese troops were assisting Lao troops. "It is incredible, impossible, and very ridiculous because not a single foreign soldier is in the battlefield in Boten District," an official Lao radio broadcast said yesterday.

Thailand and Laos have been fighting over an 80 square kilometer strip of mountainous jungle bordering the Thai province of Phitsanulok and the Laotian province of Sayaboury since last November. The battle escalated sharply last week.

**Vietnam Backs Laos in Dispute**  
*OW110002 Beijing XINHUA in English 1250 GMT*  
10 Feb 88

[Text] Hanoi, February 10 (XINHUA)—The Vietnamese Foreign Ministry issued a statement Tuesday expressing "complete support to Laos in its struggle of defending its national sovereignty and territorial integrity."

The statement, released by a spokesman of the ministry, said Vietnam "is strongly condemning the ultrarightist forces of Thailand for their action of intruding into and occupying Lao territories."

Tension has remained along the Thai-Lao borders, the statement noted. Thai authorities "publicly made provocations and launched aggression," it said, adding that Thai troops have launched a large-scale offensive against Lao positions under cover of artillery fire.

"This extremely dangerous escalation of actions stemmed from the plot of the ultrarightist Thai authorities to occupy Lao territories in a planned manner," the statement charged.

According to reports reaching here from Bangkok, Thailand charged Hanoi with putting its finger in the Thai-Lao border dispute. With regard to the charge, the spokesman of the Vietnamese Foreign Ministry said the Thai version was an attempt "to fool public opinion and serve foreign reactionary forces." The statement also expressed support for Laos which asked Thailand for talks to solve the border conflict.

Newspapers in Hanoi have devoted much space to the statements released by the Lao Government on this issue over the past week. On February 6, Hanoi held a mass rally supporting "the struggle of the people in defending territorial integrity and national sovereignty" and condemning "the aggressive actions of Thailand."

Observers here noted the stance of Hanoi over the recent Thai-Lao conflict has shown that Vietnam has completely sided with Laos against Thailand over the Thai-Lao conflict.

**More on Visit by Australian Governor General**

**Received by Zhao Ziyang**  
*OW101527 Beijing XINHUA in English 1438 GMT*  
10 Feb 88

[Text] Beijing, February 10 (XINHUA)—China is to develop closer economic ties with countries in the Asia-Pacific region, including Australia, Chinese leader Zhao Ziyang said here today.



At a meeting with visiting Governor-General Sir Ninian Stephen of the Commonwealth of Australia, Zhao, general secretary of the Chinese Communist Party Central Committee, also briefed Stephen and his party on the strategy of China's economic development.

Speaking about China's reform of its political set-up, Zhao said, "What we are going to do at present is to separate the function of the party from that of the government. By doing this, the role of the National People's Congress, the highest legislative body, will be brought into play more fully."

On the issues of democracy and legality, the Chinese leader said, "We are going to promote democracy, improve the legal system and bring democracy onto the orbit of the legal system, while letting the legal system ensure democracy." Democracy and the legal system can be combined and promote each other, Zhao said.

Stephen said he was very interested in what Zhao said.

At the beginning of the meeting, Zhao told Stephen: "This is our second meeting. Four years have passed since we met last time, and I am very pleased to meet you again."

Stephen replied, "The Australian people are familiar with you, as they saw you making a television speech in January congratulating Australia on its bicentennial anniversary."

Zhao said Sino-Australian relations have enjoyed a rapid and all-round development, and there are frequent exchanges of visits by the leaders of the two countries. He expressed the belief that the bilateral relations will develop more smoothly in the future.

After the meeting, Stephen and his wife were honored at a banquet hosted by Zhao Dongwan, minister of labor and personnel and chairman of the Chinese Government Reception Committee.

#### Notes Record High Trade

HK110540 Beijing CHINA DAILY in English  
11 Feb 88 p 2

[By staff reporter Zhang Yu'an]

[Text] Sino-Australian trade and economic co-operation have been steadily increasing since 1972, when the two countries established diplomatic relations, and this week's first State visit by Australian Governor-General Sir Ninian Stephen will "certainly push the relationship to a higher level," a Foreign Trade Ministry official told CHINA DAILY yesterday in Beijing.

The trade volume of the two countries reached a record high last year of over \$1,618 million. The major imports from Australia are wheat, wool and iron ore. Though China itself can produce enough grain to meet its needs,

it will still import some wheat from abroad. The rise of people's living standards has increased demand for woolen products on the domestic market and the rapid development of China's iron and steel industry requires more rich iron ore.

"So Australia's wheat, wool and iron ore have a stable share of the Chinese market," said Chen Shulin, the ministry official.

China mainly exports textiles, clothing and other light industry products to Australia, with textiles and clothing forming about half of the total exports to Australia last year.

Since 1950, China has only once enjoyed a favourable balance of trade with Australia in 1972. Last year, China imported \$1,321 million worth of goods but exported only \$297.5 million worth, a trade deficit of \$1,023.51 million.

"Demanding a complete trade balance is impractical. But the deficit can be reduced if both sides make efforts," Chen said.

A practical way of increasing China's import ability was to boost exports, he said, especially of machinery and electrical tools.

Australia imports machinery, including China's machine tools, water pumps, electric motors and tractors, but only in a small quantity.

"Some of China's machinery and electrical products have reached world advanced levels and are competitively priced," he said.

Since 1979, when China adopted its open policy, economic co-operation between the two countries has increased rapidly. By the end of last year, Australia's total pledged investment in China stood at over \$250 million, in the fields of iron and steel, nonferrous metal processing, woollers, household electrical appliances, hotels, electric components, agriculture and animal husbandry.

China is Australia's fourth-largest trading partner after Japan, the United States and New Zealand, and some 25 Sino-Australian joint ventures worth a total of \$130 million are currently operating in China.

Meanwhile, China has also invested in Australia. The biggest investors are the Ministry of Metallurgical Industry and the China International Trust and Investment Corporation (Citic). The ministry last year signed an agreement with Hammersley Iron Ltd of Australia to produce iron ore.

## Near East & South Asia

**'Analysis' on Soviet 'Promise of Withdrawal'**  
*OW111207 Beijing XINHUA Domestic Service  
in Chinese 0854 GMT 11 Feb 88*

["News Analysis: How To Approach the Soviet Promise of Troop Withdrawal"—by XINHUA reporter Ma Guang]

[Text] Beijing, 11 Feb (XINHUA)—At an Islamabad press conference on 9 February Diego Cordovez, personal representative of the UN Secretary General, declared that the next round of "indirect talks" on the political settlement of the Afghanistan issue will be held in Geneva on 2 March. He added that the meeting will finalize the timetable for the withdrawal of Soviet troops from Afghanistan. He said that the talks have been "very well prepared" for by his shuttle between Islamabad and Kabul.

One day earlier, on 8 February, announcing the Soviet plan of withdrawing troops from Afghanistan in Moscow, Gorbachev said that if the UN-sponsored meeting between Pakistan and the Kabul regime signs an accord on 15 March the Soviet Union will begin to withdraw its troops from Afghanistan on 15 May, and the withdrawal will be complete within 10 months.

At first glance it seems that the withdrawal of Soviet troops—the key issue in the political settlement of the Afghanistan issue—is approaching settlement. However, like the many other Soviet promises of troop withdrawal this promise is still conditional. That is, before the Soviet troops withdraw Pakistan must "sign an accord" with the Kabul regime.

The Pakistani Government frankly elaborated its principled stand when UN mediator Cordovez began his shuttle on 20 January. In a statement to the U.S. newspaper THE WASHINGTON POST President Ziaul Haq said that Pakistan would not sign any peace accord with the Kabul regime, because the latter is propped up by Soviet military strength. The Soviet news agency TASS promptly and fiercely attacked the Pakistani stand, saying that Ziaul Haq's statement was tantamount to "closing the door once again to the political settlement of the Afghanistan issue."

As a matter of fact, Pakistan has been consistent in its stand of not recognizing the legitimacy of the Kabul regime. This stand has never changed since 1982, when President Ziaul Haq began to propose that the Afghanistan issue be settled politically. The UN-sponsored Geneva talks have been called "indirect talks" and not "direct talks" specifically because of this consistent stand. During the course of the "indirect talks," which have lasted for almost 6 years, the Kabul authorities have time and again requested that the "indirect talks" be replaced by "direct talks," but all such requests have been turned down by Pakistan.

Pakistan further elaborated the principles for the political settlement of the Afghanistan issue and proposed that the Geneva talks reach an accord acceptable to the Afghan resistance organizations in a statement during Cordovez' visit. Since the Afghan resistance organizations are the main forces against the Soviet intrusion and have made enormous sacrifice in the war, a provisional government composed of representatives of the Afghan resistance organizations, refugees, and the Kabul regime should be set up to oversee the withdrawal of Soviet troops, make arrangements for refugees to return home, and form a legitimate government through a general election, so that the Geneva accord can be smoothly implemented. This advocacy by Pakistan is entirely rational, and it also considers the interests of the Kabul authorities.

The Afghan resistance organizations recently have expressed their principled stand for a political solution to the Afghan issue and shown their flexibility. In the past they always refused to take part in the Geneva "indirect talks" and called for holding direct talks with the Soviet Union to discuss the question of troop withdrawal. Now their leader, under the condition that the resistance organizations are recognized as "a main part" in the Afghan war, has held talks with Diego Cordovez in Peshawar. According to a report, the two sides have reached identical views on a number of questions. However, the resistance firmly refuses to recognize the Kabul regime.

Now the question of establishing a provisional government has become the focus of all sides. The Soviet Union asked the Pakistani Government and the Kabul regime to "sign an agreement" in order to achieve a de facto recognition of the Kabul regime's legitimacy, which they have not been able to achieve by military action since the armed invasion of Afghanistan.

The Soviet Union stated that its troop withdrawal "will not be based on the condition of establishing a coalition government" and that the question of establishing a coalition government "can only be settled by the Afghan people themselves." Behind those beautiful words, the Soviet Union still wants the legitimacy of the Kabul regime to be recognized and to let the Kabul regime organize a coalition government. World public opinion has noted that this may cause new bloody battles among various Afghan political forces.

At present, various Afghan political forces still have different opinions on the question of forming a provisional government. However, the formation of a provisional government acceptable to all sides is a necessary to maintain peace and stability in Afghanistan in the future.

The Kabul regime's leader, Najibullah, delivered a nationwide radio speech on the same day as the Soviet leader announced that the Soviet Union would start to withdraw its troops beginning 15 May. He spoke more



clearly on the conditions for the withdrawal of Soviet troops: The Soviet troops will not withdraw from Afghanistan before an agreement is reached between the Kabul regime and Pakistan and before the United States agrees to stop supporting the Afghan resistance forces. World public opinion is convinced that progress has been made toward political solution of the Afghan issue, and now the question is that the Soviet Union must promptly take action to withdraw its troops without precondition. Merely making a statement on troop withdrawal to win propaganda results and shifting the responsibility for the lack of a settlement to Pakistan or the Afghan resistance organizations is unfair.

### West Europe

**Roundup on Defense Problems Facing NATO**  
*OW110125 Beijing XINHUA Domestic Service*  
*in Chinese 0836 GMT 8 Feb 88*

[Roundup: New Difficult Problems Facing NATO in Its Defense of South Europe—by XINHUA reporter Yang Yuanhua]

[Text] Beijing, 8 Feb (XINHUA)— The United States will have to withdraw by 1991 all the 72 F-16 fighter-bombers now stationed at Spain's Torrejon Air Base. So far no place has been found to relocate them. This is a new difficult problem facing the NATO allies in "maintaining the security of southern Europe."

Since the United States and the Soviet Union signed the INF treaty last December, whether the United States should keep its troops in Western Europe or withdraw them has become a sensitive question. This involves the "security" of the United States and Western Europe as well as matters of sovereignty and funds. At the same time, this also has a bearing on relations between Europe and the United States. Should U.S. troops be pulled out, West European countries would criticize the United States for failing to honor its commitment to maintain the security of its allies; if the United States keeps its troops there, some West European countries would raise the questions of sovereignty and funds.

This is why U.S. Defense Secretary Frank Carlucci said while visiting three European countries from 3 to 7 February: "We do not want to withdraw a single soldier or a single weapon from Europe." Meanwhile, he also said that the Spanish request for the withdrawal of American F-16's was "a decision to exercise its sovereignty, which we respect." These remarks by Carlucci make it possible for the United States to avoid the suspicion that it might want to get out of Europe and shift the responsibility for the defense of Western Europe's southern flank onto its allies. However, they also reflect the American frame of mind that it has no way out there.

For the security of the West and itself, the United States deployed six squadrons of 144 advanced F-16 fighter-bombers in Europe and Asia, three squadrons of which were stationed at Torrejon Air Base near Madrid, Spain. These planes are a main force for the defense of Europe's southern flank, as they can attack ground targets and carry out air defense missions. The F-16's can fly at more than twice the speed of sound. For a long time, the United States has regarded these aircraft as an important link in the defense of the Atlantic, for they can blockade the Strait of Gibraltar—the exit of the Mediterranean Sea—in the south and control the searoutes in the Atlantic and the Mediterranean in the east.

The issue of U.S. troops stationed in Spain has long been a major barrier to improving relations between the two countries. Spanish people held several mammoth demonstrations to demand that the United States reduce its troops in the country. The Spanish demonstrators regarded the U.S. military bases on Spanish territory as a national humiliation. Under the pressure of public opinion, Spain firmly asked for the withdrawal of 72 F-16's and started to hold talks with the United States in July 1986. After bargaining for 1 and 1/2 years, the United States was compelled to agree in principle on 15 January of this year to withdraw these aircraft from Spain.

At present, where the aircraft will go has become a serious question which concerns the NATO nations. After the conclusion of the INF treaty, Western European countries are worried that the withdrawal of the F-16's will give the Soviet Union a greater superiority in conventional forces. Some southern European countries have pointed out that the aircraft should not be withdrawn. Italy has expressed its readiness to accept the 72 U.S. aircraft from Spain in order to maintain the defense of NATO's southern flank. However, there are internal differences in Italy. The Italian Socialist Party, the second largest party participating in government and political affairs, is strongly opposed to accepting the F-16's, worrying that they might carry nuclear weapons, and thinks that deployment of these aircraft in Italy runs counter to the trend of current East-West disarmament. Some opposition parties also hold the same position. But Defense Minister Zanone holds that the F-16's should be kept in Europe. He says that the aircraft deployment is not an issue concerning only one country, but is a matter concerning NATO as a whole.

The cost of relocating these aircraft is also a difficult problem. Under a budget-cut situation, the U.S. Congress refuses to provide the relocation funds and requests that NATO countries themselves raise about \$300 million for the needs. Now, the place and expense for the relocation of the F-16's will be discussed by the NATO nations.

Moreover, the F-16's deployed in southern Europe are aimed at the Soviet Union and other Warsaw Pact countries. It is reported that the Soviet Union has

already issued a warning against the possible aircraft deployment in Italy, and said that the Warsaw Pact nations will take counter-measures. This has further complicated the issue and directly related it to East-West disarmament. The results of the issue depends on how it will develop, but the new location of the aircraft will surely affect relations among Western nations and East-West disarmament.

**British Firm To Expand Business on Hainan**  
*OW102328 Beijing XINHUA in English 0242 GMT  
10 Feb 88*

[Text] Beijing, February 10 (XINHUA)—The favorable policies of Hainan, China's second largest island after Taiwan, has drawn the attention of a British marketing group, "CHINA DAILY" reported today.

The Inchcape Group, an international service and marketing operation, plans to expand its business on the island. It is also going to set up joint ventures with Chinese firms outside China, George Turnbull, chairman and chief executive officer, was quoted as saying in Beijing.

After meeting many senior Chinese ministry and company officials during a 3-day visit, Turnbull said he is convinced the Chinese Government will apply more favorable policies to the island, which is expected to become a province this spring.

"We are going to conduct technology transfer programs to help the cultivation of the island because we believe its economy will have a great leap forward," Turnbull said.

The Inchcape Group's 2-way trade with China exceeded 140 million U.S. dollars last year.

Turnbull said the most important advantage his group has against other foreign companies doing business here is its ability to export Chinese products.

Last year, the group's exports of Chinese goods reached 56 million U.S. dollars. Its buying office in Hong Kong has been working with many local factories and design institutes to introduce the sort of packaging and design techniques that have helped make other countries in Asia successful exporters.

Turnbull said the Chinese exports handled by his group mainly include textiles, garments and other consumer goods. Now the group is considering helping develop technology exports from China. Inchcape's main exports to this country are technology and equipment.

"Investment in China and overseas joint ventures with Chinese partners also are our priorities," he said.

The Inchcape Group's consumer testing organization, Labtest, recently signed an agreement with the Hong Kong subsidiary of the China Commodity Inspection Corporation to form a 50/50 joint venture in Hong Kong. It will offer inspection and testing services related primarily to China's imports and exports of textiles and garments.

"We are presently discussing a number of other joint-venture opportunities in different countries with Chinese enterprises and we look forward to further opportunities in this area," Turnbull said.

Inchcape's first investment here, in 1980, was in the Motor Transport Company of Guangdong and Hong Kong Limited. Starting with a fleet of 35 vehicles in 1980, the company now operates over 75 vehicles and has carried more than 1 million passengers.

Last year, Inchcape joined the Shanghai International Container Transport Corporation to form the land-ocean Inchcape International Container Transport Company Limited, a 50/50 joint venture to operate two international container depots in Shanghai.

**Swedes Aid Chemical Works Project**  
*HK60140 Beijing CHINA DAILY in English  
6 Feb 88 p 2*

["Special to CHINA DAILY"]

[Text] The Swedish Agency for International Technical and Economic Co-operation (Bits) has decided to grant a credit loan worth 120.05 million Swedish krona (\$20 million) to a new project at the Shanghai Wusong Chemical Works.

The plant will produce toluene diisocyanate (TDI), an important chemical raw material used to produce foam plastics, synthetic leather, high-grade paints and high-intensity adhesives.

The works will introduce advanced technology and equipment with an annual production capacity of 10,000 tons from the Noble Chamature Company of Sweden.

The contract will be signed between Shanghai Investment and Trust corporation and Noble Chamature. The project is expected to be completed in 1991.

Bits has also decided to make a joint contribution with a Swedish company, Asea, to the establishment of the Sino-Swedish Power Transmission Development Centre in the Beijing Electric Power Research Institute under the Ministry of Water Resources and Electric Power. About 1 million Swedish krona (\$165,000) will be involved.



### East Europe

**XINHUA Roundup Views Albanian Diplomacy**  
*OW102001 Beijing XINHUA in English 1644 GMT*  
10 Feb 88

[Round-up: Albania Warms Relations With Balkan Nations"—XINHUA headline]

[Text] Tirana, February 10 (XINHUA) — Albania has made another step forward in a series of its diplomatic efforts to better relations with Balkan nations by agreeing to attend the Yugoslavia-proposed conference of Balkan foreign ministers to be held in Belgrade this month.

The move, highly praised by many countries, is seen as a clear sign of the country's efforts to end its self-imposed isolation.

A spokesman for the Albanian Foreign Ministry assured this week that his country will attend the meeting with good will and contribute to understanding and cooperation among Balkan states.

A drastic improvement has been made in its relations with Greece since last August 28 when the Greek Government declared an end to its 47-year-old "state of war" with Albania.

Greek Foreign Minister Karolos Papoulias headed a big delegation to visit Albania last November, when the two countries signed a number of economic and cultural cooperation agreements and decided for the first time to exchange visits by leaders of the two countries.

Greece has become Albania's major trade partner in the West, with their trade volume now standing at 70 million U.S. dollars.

The improvement of relations between Albania and Turkey has been stable in recent years and Turkey is now considered as Albania's friend country.

Romania is the only country in the Eastern bloc that has always maintained relations at ambassadorial level with Albania. Their trade cooperation has been further enhanced in recent years.

In January, Albania and Bulgaria promoted their ties from the level of charge d'affaires to that of ambassador. Bulgaria has become the second Eastern European nation to upgrade its ties with Albania after Democratic Germany.

Trade between the two countries has also developed rapidly with their trade volume expected to reach 714 million roubles (1,071 million U.S. dollars) this year.

Albania and Yugoslavia have agreed to start their frontier trade for the first time in many years. The two governments are seeking to resume scientific and cultural ties, which were severed in 1981.

**Modern Naval Base Built in Artificial Harbor**  
*OW110754 Beijing XINHUA in English 0714 GMT*  
11 Feb 88

[Text] Beijing, February 11 (XINHUA)—The Chinese Navy has built a new modern base in what naval authorities describe as the biggest artificial harbor in the Far East, the OVERSEAS EDITION of the "PEOPLE'S DAILY" reported today.

The exact location, however, was not disclosed.

The report said that the harbor "nestles against mountains, and covers 10.7 square kilometers with a water surface area of 3.9 square kilometers."

It took 11 years to build.

The harbor has four berths and two docks, with an operation area of 128,000 square meters, the paper said. Two breakwaters stretch into the sea while steel caissons form a dyke in between.

The paper quoted a naval officer as saying that the harbor can accommodate dozens of naval missile destroyers.

**592 Leaders Elected to Posts in 20 Areas**  
*OW110928 Beijing XINHUA in English 0856 GMT*  
11 Feb 88

[Text] Beijing, February 11 (XINHUA)—Elections of new leaders to provincial congresses and governments have been completed in 20 of China's 29 provinces, municipalities and autonomous regions.

New committees of the Chinese People's Political Consultative Conferences (CPPCC) at the provincial level have also been elected, the Organization Department of the Chinese Communist Party Central Committee says.

The 592 leaders elected from January 15 through February 6 include those of the standing committees of the people's congresses, people's governments and CPPCC committees at the provincial level and presidents of the higher people's courts and procurators-general of the higher people's procuratorates.

About 40 percent — 208 — were newly promoted and include 10 chairmen of the standing committees of the people's congresses, six provincial governors, 36 deputy governors, vice-chairmen of the autonomous regional people's governments, and deputy mayors, 10 chairmen of the CPPCC provincial committees, nine higher court presidents and eight procurators-general of the higher procuratorates.

A senior official from the Organization Department of the CPC Central Committee told XINHUA that most of the newly promoted leaders had assumed posts at departmental or prefectural level.

"They have rich experience and leadership capability and have made outstanding contributions to the country's economic reform and the cause of opening to the outside world," he said.

The new leadership is younger and more professional than before. Those under age 50 make up 26 percent of the total; [in] the past they made up 18.4 percent.

Three-quarters of the governors, chairmen, mayors and their deputies have a background of higher education.

The official said the development of democracy and respect for democratic rights of deputies to the congresses was one of the conspicuous characteristics of the elections.

Eight of the 54 official candidates nominated by 10 or more deputies to the congresses were elected chairmen and vice-chairmen of the standing committees of the people's congresses, deputy governors and one president of the higher court.

In Beijing Municipality and Zhejiang Province and other provinces, candidates were required to make a speech to the voting deputies on what they would do if elected and what their attitude would be if they failed.

The process gave deputies a stronger sense of participation in political affairs and greater opportunity to discuss affairs of the state, the official from the Organization Department said.

In Henan Province, more than 100 deputies nominated Liu Yuan, son of Liu Shaoqi, late president of the People's Republic of China, for deputy provincial governor.

"We nominate Liu Yuan not because he is a son of the late president, but because of his spirit of hard work, modesty and prudence as well as his outstanding political accomplishments in the past few years," they said in a letter of introduction.

In Anhui Province, many deputies gave detailed descriptions of Zhang Runxia's capabilities in nominating her for deputy-governor.

Both Liu Yuan and Zhang, mayor of copper-rich Tongling City, were elected deputy governors in their respective provinces.

The elections have demonstrated the leading role of the Chinese Communist Party in improving the country's socialist democratic politics.

Before the elections, local party committees adopted various means to select candidates.

The CPC Central Committee's Organization Department sent 17 investigation groups to localities to solicit opinions from the public.

When the party committee of Shanxi Province in north China appealed to the public for names of candidates last July and August it got more than 2,600 within a month.

In Shandong Province, east China, the party committee organized 900 people from various trades to comment on the leadership. The comments "have provided a base for promoting or demoting officials," the official said.

As a result of the public participation, 97.7 percent of the 330 candidates nominated by the party committees of the 20 provinces, municipalities and autonomous regions were elected.

The recommendation of cadres to the people's congresses and the CPPCC local committees is one of the important functions of the local party committees, the official said.

"The elections have provided important experience for how to strengthen and improve party leadership, advance the reforms of political structure and cadres and personnel system."

Under China's Constitution, representatives to provincial congresses and governments are elected every five years.

Elections in the remaining nine provinces and regions will be conducted after April.

**Hong Kong Journal on Transport Accidents**  
*HK101508 Hong Kong TUNG HSIANG in Chinese*  
*No 47, 10 Feb 88 pp 50-52*

[Article by Tien Ching (3944 1987): "What Do These Calamities Show?"]

[Text] Successive transport accidents have happened recently in Mainland China, causing heavy losses of lives and properties. In the face of this situation the CPC top leadership has held a series of urgent meetings to deal with the aftermath and to find out what was wrong.

As revealed by the CPC authorities, most of these calamities were due to deliberate sabotage, while the rest were the consequence of poor management. XINHUA Criticized for Gloating Over the Misfortunes of Others [subhead]

In a 1987 year-end roundup, the XINHUA News Agency proudly claimed that no aviation accidents occurred in Mainland China in 1987. This roundup was criticized by Deng Xiaoping. Nobody except the insane would like to see or hear of any plane crashes. It is an obligation on the part of the Chinese authorities to ensure that no aviation accidents happen within its boundaries the whole year

round. Of course, to achieve this one has to depend more or less on luck. While aviation accidents occur frequently around the world these days, XINHUA's filing such a year-end roundup showed its mentality for gloating over the misfortune of others. More than that, it indicated that the news agency wanted to tell people that only Mainland China's civil aviation service is reliable while all other airlines are much inferior. Unfortunately, no sooner had they finished their proud claim than an airplane explosion was heard over the mainland. Thus, Deng Xiaoping's foresight was proved correct.

**Tickets Can Only Be Obtained Through Pull [subhead]**

At present, Mainland China is facing very serious problems concerning communications and transport. You can hardly get a train, ship, or plane ticket without pull. Take railway transport for example. The demand still cannot be met although a train passes on the Beijing-Guangzhou or Beijing-Shanghai railways every 2 or 3 minutes. Due to inadequate transport capacity many products cannot be transported promptly. A large quantity of coal remains in stock in Shanxi, seasonal agriculture and forestry products spoil in their places of origin, while imported equipment piles up at piers. The losses caused by railway transport capacity shortages are simply immeasurable.

With regard to air transport, Mainland China's operational scale just cannot compare with that of the economically developed countries of the world. The frequency of aviation accidents in the mainland is in fact rather high if the absolute number of airplanes is taken into account. Therefore, Mainland China has no ground for being proud of fewer aviation accidents and for gloating over others' air crashes.

The recent frequent occurrence of transport accidents have at least exposed the following problems:

**Messy Management [subhead]**

1. Horrifying bureaucratism and chaotic management. This problem was fully exposed by the Chongqing plane crash. Duty officers' leaving their posts without permission at the crucial moment when a plane was about to land at the airport caused something which should not have happened. Traffic at Chongqing airport is by no means heavy—it handles only a few flights a day. But the Chinese airport officials still failed to operate the airport properly even under such a light work load. People have every reason to believe that they will do a still lousier job if airports in Mainland China are as busy as foreign airports, which have airplanes taking off or landing every 1 to 2 minutes.

**Intensification of Public Discontent [subhead]**

2. Autocracy has intensified public discontent. In Mainland China, many disastrous explosions are the work of some people who risk danger in desperation. Both the



culprit who caused an explosion at the Beijing railway station a few years ago and the one who caused another explosion in front of Chairman Mao's Memorial Hall last year were young men who had suffered injustice but could find no way to lodge their complaints. The case of a car explosion which took place in northeast China on 22 April last year was sabotage by a man called Liu Changshan who deliberately took revenge on society because he was totally disappointed after being fired without reason by the hospital in which he worked. Discontent can be expressed in different forms of revenge, and sabotage by explosion is merely one of them. Whether such serious criminal activities can be wiped out depends on how well public injustices can be reduced.

**Does This Indicate Li Peng's Incompetence? [subhead]**

3. The frequent occurrence of transport accidents has exposed the weakness in Li Peng's cabinet. What merits attention is that the recent successive transport accidents took place after Li Peng took charge of government operations. As an expert in the power industry Li has shown utmost concern for the Daya Bay Nuclear Power Plant project. Despite this the serious case of laying fewer reinforcing bars than the project design demanded still could not be avoided during the construction of the Daya Bay Nuclear Power Plant. Is it not a risky decision to appoint this power industry expert to take charge of the overall operation of the State Council? A market crisis arose as soon as Li Peng assumed office. This has increased social instability, while bureaucratism has aggravated chaos in many fields. Meanwhile, a series of formidable calamities have, in their turn, further increased the public's distrust of the Li Peng cabinet.

It is really unfortunate that disastrous transport accidents have occurred so frequently in Mainland China. The practice of treating the symptoms but not the disease is not recommended. Instead, the CPC authorities must dig out the root while studying the causes of these disasters. Only in this way can future accidents be prevented.

**Journal Sums Up Discussion on Socialism**  
*HK100805 Beijing BAN YUE TAN in Chinese*  
*No 2, 25 Jan 88 pp 6-8*

[Article by Editorial Department: "Scientific Summation of Historical Experience—Concluding Remarks on the Discussion on 'How to Understand Socialism with Chinese Characteristics'"]

[Text] Some 6 months have passed since this journal opened up a special column in July last year to discuss the question of "How to understand socialism with Chinese characteristics." We have now decided to finish the discussion.

Over the past 6 months, readers from all trades and services throughout the country have enthusiastically participated in the discussion. They have aired their own views, and spoken without any inhibitions. They have written 1,400 articles to us. There were some excellent articles containing new viewpoints, original ideas, convincing arguments, and vivid examples. After carrying out a study of the development of Chinese history, and making a comparison between various kinds of socialism in the world, these articles conclude: If China wants to be prosperous and powerful, and its people want to live a well-off and happy life, there is only one path for China to follow. In other words, China should proceed from its national conditions to build socialism with Chinese characteristics.

This conclusion has been reached after paying a high price. It is a conclusion derived from the theoretical deepening and upgrading of the party's understanding of the way to build socialism in China, and of what kind of socialism should be carried out in the country. This is also a scientific summation of the historical experience personally witnessed by the Chinese people throughout the country.

If anything has been gained from this discussion to educate and enlighten the broad masses of readers, it is appropriate to say that through discussion we have helped our readers understand why we should build socialism with Chinese characteristics. This is the first achievement of the discussion.

The second achievement is: Through the discussion many people understand the correct meaning of the scientific assertion "socialism with Chinese characteristics."

What is socialism with Chinese characteristics? In a word, it is a socialism based on integrating the universal truth of Marxism with practical reality in China. Specifically speaking, this assertion has two implications:

1. This kind of socialism should uphold and conform with the basic principle of scientific socialism. In other words, it should, first, be a scientific socialism with the basic characteristics and common principles of the socialist system, such as public ownership of the means of production, distribution according to work, and so on. All these are the essence and nucleus of socialism with Chinese characteristics, which determine the nature and direction of development of the state. Without such principles, there will be no socialism. Therefore, we are absolutely not allowed to cast doubt upon, waver, or betray the basic principles of socialism.

2. The basic form, way, and methods which we adopt for building such socialism should proceed from practical conditions in China, conform with Chinese national conditions, and bear Chinese characteristics. Only thus can we fully exploit the superiority of socialism, and inject vigor and vitality into our socialism.



In their articles, some comrades proposed a formula: "socialism with Chinese characteristic equals socialism plus Chinese characteristics," or "socialism with Chinese characteristics equals general character of socialism plus specific character of China." It seems that these formulas have merit. What we should add is that the two things after the equals sign are closely connected with each other, and neither is dispensable.

It is a matter of vital importance to understand this point. It enables us to consciously uphold the basic principle of socialism, and to avoid bourgeois liberalization. It also enables us to proceed from reality and avoid the mistakes of copying others' experiences in disregard of specific conditions, sticking to conventions, and ideological ossification so that we will actively join the work of building socialism with Chinese characteristics under the guidance of the correct line.

The third achievement of the discussion is: The discussion has enabled the broad masses of our readers to initially understand where the "basic feature" of Chinese-style socialism lies, and the factors which should be regarded as Chinese characteristics.

From more than 30 articles which have been published, we know that our readers have understood various aspects of socialism with Chinese characteristics. They include: reform and opening up in the economic field, coexistence of multiple economic sectors, the responsibility system linked with output quotas, progress from enriching some people to attaining the goal of common prosperity, development of planned commodity economy, vigorous development of town and township enterprises, taking agriculture as a base, and so on. In the realm of the superstructure, they include the state system based on people's democratic dictatorship, multiparty cooperation, the united front, independent foreign policy, autonomy in regions of minority nationalities, the concept of one country, two systems, multilayered development of education, cultural undertakings run by the masses, and so on. Although their understanding of these matters is not perfect or amazingly profound, there is no doubt that it plays a role of stimulating their thinking, and enables them to explore the Chinese characteristics in a wider and more profound way.

Socialism with Chinese characteristics is a product of the integration between the basic principle of Marxism with the modernization program in China. It has taken root in scientific socialism in contemporary China. In his report delivered at the 13th CPC National Congress, Comrade Zhao Ziyang theoretically and scientifically summed up our party's experience in re-understanding socialism in the fields of philosophy, political economy, scientific socialism, and so on. All those views contained in his report are a theoretical outline for building socialism with Chinese characteristics.

"Understanding socialism with Chinese characteristics" is a big topic. This is the first time our journal has held such a mass discussion on this important topic. We lack experience in this regard. Generally speaking, this discussion has been held at an opportune time, and has been helpful to our readers. It has been praised by the masses for its rich and vivid content and strong democratic atmosphere. Our purpose in "enhancing the understanding of our readers at the grass-roots level of building socialism with Chinese characteristics" has been attained. However, due to shortage of hands and insufficient organizational work, there have been insufficient articles to profoundly explain these matters in both theory and practice. In particular, some of our articles lacked theoretical depth. We express our gratitude to the broad masses of our readers who enthusiastically sent their articles to us, and actively participated in the discussion. Due to our limited space and time, we were unable to publish more articles. We offer our apology for some of the writers. In the meantime, we welcome our readers' criticism of the discussion, and their suggestions on similar discussions to be held in the future.

Although our discussion has ended, our exploration should continue. How should we implement the party basic line during the initial stage of socialism? How should we speed up the building of socialism with Chinese characteristics? These are questions which millions upon millions of our people should consider. Their joint efforts to carry out exploration, to practice their plans, and to strive for their goals of struggle are needed.

**Zhao Ziyang Commends Shenyang Factory Director**  
*OW101250 Beijing XINHUA in English 1230 GMT*  
10 Feb 88

[Text] Shenyang, February 10 (XINHUA)—Zhao Ziyang, the Communist Party's top leader, has been reported to have sent a letter to Li Zhengzhi, director of the Shenyang electrical machinery factory, to congratulate his success in reform, and in so doing, has made Li a nationally-known figure overnight.

Actually, Li is already a well known reformer in Shenyang, capital of Liaoning Province, since he became director a year ago through a highly-competitive public bidding for the position.

The factory, which currently has fixed assets worth 41 million yuan, only made a profit of 77,000 yuan during the first two months last year, 2 percent of the factory's annual plan. By March, when Li took office, the factory had received orders for only 40 percent of its annual production target.

Yet, by the end of last year, thanks to his management, the factory made a profit of 3.6 Million yuan, 13 percent more than the previous year. As a result, employees' living standards have been significantly improved and the factory is abuzz with enthusiasm.

A pioneer in introducing competition into state-owned enterprises, Li gave examinations to all his managerial staff, including those directly under him, and demoted those who flunked the exam.

"I had to do this to sort out the most qualified people to act as leading managers," Li said, adding that he himself would be demoted and only get 50 yuan as monthly salary if he failed to revitalize the factory.

"We have to bring into play the initiative of every worker, white or blue collar, so as to revamp the factory, and to achieve this, a director has to develop a rapport with his colleagues," Li said.

Whenever Li was unsure about a decision, he would pool the opinions of his employees, often through public or secret ballots. By doing this, Li has won the respect of his employees as a whole.

Li has also reformed the factory's personnel and wage systems and streamlined the overstaffed managerial positions. "We cut the number of offices from 54 to 39 and moved over 100 office staffers to the assembly lines," he said.

Li plans to further implement his reform in the factory by reducing the number of office employees, offering examinations for various positions and taking big steps to improve the current contract responsibility and wage systems.

**Li Peng, Others at Spring Festival Tea Party**  
*OW110855 Beijing XINHUA Domestic Service*  
*in Chinese 1423 GMT 10 Feb 88*

[By reporters Li Shangzhi and Zhang Sutang]

[Excerpts] Beijing, 10 Feb (XINHUA)—More than 2,000 veteran comrades in the capital happily gathered at the Great Hall of the People this afternoon to usher in the Spring Festival of the New Year of the Dragon.

Present at the gathering were Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and acting premier of the State Council; Wan Li, Li Ximing, Yang Shangkun, Song Ping, and Qin Jiwei, members of the CPC Central Committee Political Bureau; Bo Yibo and Song Renqiong, vice chairmen of the Central Advisory Commission; and other comrades. They praised the memory of late veteran comrades who had made important contributions to the party and the people in their glorious and long revolutionary careers and expressed their heartfelt gratitude to the veteran comrades present and those in various parts of the country.

Entrusted by the CPC Central Committee, the Central Advisory Commission, the Organization Department of the CPC Central Committee, and the PLA General Political Department jointly sponsored today's Spring Festival tea party for veteran comrades in the capital. [passage omitted]

Song Renqiong, vice chairman of the Central Advisory Commission, addressed the tea party on behalf of the commission. He said: The veteran comrades still cherish high aspirations, and our high aspiration today is to carry out reform. Reform is the only way to revitalize the Chinese nation and to build socialism with Chinese characteristics. He expressed the hope that veteran comrades will uphold the four cardinal principles, enthusiastically support reform and the policy of opening to the outside world, and strive to promote the deepening of reform and the work of further opening to the outside world; that they will continue to enthusiastically and sincerely support the new leading bodies at various levels and boldly do their own work well; that they will care for the growth and progress of their children and strengthen their education; that, physical conditions permitting, they will persist in study; and that they will always keep their revolutionary vigor.

In his speech on behalf of the CPC Central Committee Organization Department, Song Ping said: The socialist and communist cause to which communists are devoted requires the sustained efforts of people of one generation after another. Now more than 1.3 million veteran comrades who joined the revolutionary ranks before the founding of the PRC have retired from their leading positions at various levels, and over 500,000 young and middle-aged fine cadres have been promoted to leading positions at or above the county level. We should create conditions for retired veteran comrades to be able to live a comfortable life, make more accomplishments, study, and enjoy themselves.

Yang Baibing, director of the PLA General Political Department, addressed the tea party on behalf of the General Staff Department, General Political Department, General Logistics Department, and all commanders and fighters of the Armed Forces. He said: History has proved that veteran cadres of our party and Army are worthy of being called the cream of the Chinese nation and the pillars of our country and Army. The commanders and fighters of our Armed Forces will always remember the great contributions made by the veteran comrades.

Fei Xiaotong, vice chairman of the CPPCC National Committee and chairman of the Central Committee of the China Democratic League, spoke at the tea party on behalf of democratic parties and the All-China Federation of Industry and Commerce. He thanked veteran comrades for their contributions to the country and people and wished them a happy Spring Festival, good health, and a long life.



Yan Mingfu, Wang Ping, Li Desheng, Yang Dezhi, Xiao Ke, Chen Xilian, Duan Junyi, Huang Hua, Huang Zhen, Zheng Tianxiang, Yang Yichen, Kang Keqing, Hu Ziang, Qian Changzhao, Zhou Peiyuan, Wang Feng, and Li Huaqing also attended the tea party.

**Hu Qili Addresses Spring Festival Gathering**  
OW111015 Beijing XINHUA Domestic Service  
in Chinese 0855 GMT 10 Feb 88

[By reporter Sun Yong]

[Text] Beijing, 10 Feb (XINHUA)—The CPPCC National Committee gave a tea party in the auditorium of the CPPCC National Committee building this morning. Nearly 200 widows of deceased CPPCC National Committee members and well-known figures were present at the party.

At 0900, comrades Deng Yingchao and Hu Qili arrived to exchange salutations and Spring Festival greetings with the guests. The auditorium was filled with a joyful atmosphere.

Deng Yingchao, in her speech at the party, said: "I am attending this party as the wife of the late CPPCC National Committee member Zhou Enlai. I am very happy to see you here and like to wish you good health and you and your whole family, happiness." Deng Yingchao said: Because of historical reasons, women today are still faced with the problem of how to eliminate remnant feudal thinking. We Chinese women have our own personalities, abilities, talents, ideals, and work. In today's reform, women should work even harder to eliminate remnant feudal thinking in society. At the same time, we should renew our ideas and do all we can to contribute to the socialist cause.

Hu Qili extended Spring Festival greetings to the guests on behalf of the CPC Central Committee. He said: "Whenever I see you, I always think of the energy you have devoted in your arduous struggle in the long history of our party. Many of you still work very hard. I wish to thank you and salute you." Hu Qili also briefed the guests on China's current economic situation and the party's strategy for accelerating the development of our national economy.

Yang Jingren, vice chairman of the CPPCC National Committee, also addressed the tea party. CPPCC National Committee Vice Chairmen Kang Keqing, Qian Changzhao, Lu Zhengcao, Zhou Peiyuan, Qu Wu, and Ma Wenrui attended the tea party. Zhou Shaozheng, secretary general of the CPPCC National Committee, presided over the gathering.

**Li Peng, Others Pay Last Respects to Tu Junming**  
OW110211 Beijing XINHUA Domestic Service  
in Chinese 1422 GMT 8 Feb 88

[Excerpt] Beijing, 8 Feb (XINHUA)—This afternoon, over 700 people from all walks of life in the capital visited the Babaoshan Cemetery for Revolutionaries to pay last respects to Comrade Tu Junming [8094 0193 2494], an outstanding party member during the early period of the CPC, a loyal revolutionary fighter of the proletariat, and member of the Fifth CPPCC National Committee.

Comrade Tu Junming died of illness in Beijing on 29 January. She was 91.

Li Peng, Bo Yibo, Song Renqiong, Wen Jiabao, Li Desheng, Fang Yi, Yang Yichen, and Yang Jingren paid last respects and laid wreaths to Comrade Tu Junming's remains lying in state.

Wreaths were also sent by Comrades Chen Yun, Peng Zhen, Deng Yingchao, Xu Xiangqian, Hu Yaobang, Wang Zhen, Xi Zhongxun, Rui Xingwen, Yang Dezhi, Zhang Aiping, Chen Pixian, Chen Xilian, Hu Qiaomu, Cheng Zihua, Wang Bingqian, Zheng Tianxiang, Kang Keqing, Yang Chengwu, Wang Guangying, Ma Wenrui, Cai Chang, Ni Zhifu, Deng Liqun, Wang Heshou, and Li Da; the General Office of the CPC Central Committee, the CPPCC National Committee, the All-China Federation of Trade Unions, and the HONGQI Publishing House. [passage omitted]

**Hu Qili, Liu Huaqing Visit Old Generals**  
OW110109 Beijing XINHUA Domestic Service  
in Chinese 1312 GMT 8 Feb 88

[By reporter He Ping]

[Excerpts] Beijing, 8 Feb (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau and of the Secretariat of the CPC Central Committee, and Liu Huaqing, deputy secretary general of the Central Military Commission, went to the PLA General Hospital this morning to visit six old generals who are recuperating in the hospital and extended their Spring Festival greetings.

The six old generals are Tan Zheng, Dong Qiwu, Tao Zhiyue, Fu Zhong, Li Da, and Li Jukui. They were promoted to the rank of general or senior general for their immortal deeds in the cause of liberating the Chinese nation. They are now advanced in age and are spending their remaining years in happiness.

Hu Qili and Liu Huaqing walked into the ward where the six old generals were and extended to them Spring Festival greetings on behalf of the CPC Central Committee, the NPC Standing Committee, the State Council, the Central Military Commission, and the National CPPCC Committee, and wished them good health and long life.



The six old generals were delighted to see Hu Qili and Liu Huaqing. They and their families repeatedly thanked the CPC Central Committee, the NPC Standing Committee, the State Council, the Central Military Commission, and the National CPPCC Committee. [passage omitted]

Accompanying Hu Qili and Liu Huaqing to see the six old generals in the hospital were Xu Ruixin, deputy director of the General Office of the CPC Central Committee; Xu Kongrang, deputy secretary general of the NPC Standing Committee; Sha Li, deputy secretary general of the National CPPCC Committee; and Li Jijun, deputy director of the General Office of the Central Military Commission.

**Tian Jiyun, Hong Xuezhi Visit Marshals**  
*OW110237 Beijing XINHUA Domestic Service*  
*in Chinese 1305 GMT 8 Feb 88*

[By reporter Zhang Shutang]

[Text] Beijing, 8 Feb (XINHUA)—Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, and Hong Xuezhi, deputy secretary general of the Central Military Commission, visited the two marshals Xu Xiangqian and Nie Rongzhen as well as Comrade Hu Ziang this morning on behalf of the CPC Central Committee, the NPC Standing Committee, the State Council, the Central Military Commission and the National CPPCC Committee.

When Tian Jiyun and Hong Xuezhi arrived at Comrade Xu Xiangqian's residence, Marshal Xu was resting in the living room. Tian Jiyun and Hong Xuezhi extended their Spring Festival greetings to Marshal Xu and wished him good health and long life. Marshal Xu cheerfully thanked them for coming to see him and held a cordial conversation with them.

At Comrade Nie Rongzhen's residence, Tian Jiyun and Hong Xuezhi were very happy to hear a medical worker's briefing that Marshal Nie's health had recently improved. They told Marshal Nie: "Comrades of the central organs and the Armed Forces are all deeply concerned about your health. They wish you good health and long life." Marshal Nie said happily: "In recent years, I have been in poor health and have seldom gone out. Please convey my regards to the comrades. I wish them a happy Spring Festival, good health, and smooth progress in their work. All the comrades are working very hard." Tian Jiyun said: "Certainly, we will convey what you have said to them."

At comrade Hu Ziang's residence, Tian Jiyun and Hong Xuezhi, holding Hu Ziang's hands, conveyed to him their Spring Festival greetings and wished him good health and long life. Hu Ziang thanked Tian Jiyun and Hong Xuezhi for coming to see him. He said: "I feel very happy today under the leadership of the party. People come here everyday to see me and to show their concern

about my health. Some of them recommend good physicians or medicine. I really appreciate their kindness." Tian Jiyun said: Under your leadership, the All-China Federation of Industry and Commerce has done a great deal of work in recent years. All the people speak highly of the work done by the federation and of your work. The party and the government appreciate your work and the work done by the All-China Federation of Industry and Commerce.

Accompanying Tian Jiyun and Hong Xuezhi on their visits to the old comrades was Cheng Jianning, deputy director of the General Office of the Central Military Commission.

**Song Ping, Rui Xingwen Visit Comrades**  
*OW110253 Beijing XINHUA Domestic Service*  
*in Chinese 1407 GMT 8 Feb 88*

[By reporter Sun Yong]

[Excerpts] Beijing, 8 Feb (XINHUA)—Song Ping, member of the Political Bureau of the CPC Central Committee, and Rui Xingwen, member of the Secretariat of the CPC Central Committee, visited Comrades Xiao Jingguang and Qian Changzhao on behalf of the CPC Central Committee, the NPC Standing Committee, the State Council, the Central Military Commission, and the National CPPCC Committee.

At Comrade Xiao Jingguang's residence, Song Ping and Rui Xingwen held Xiao Jingguang's hands and said: "We come here to extend our Spring Festival greetings. We wish you a happy Spring Festival, good health, and long life." Xiao Jingguang thanked them for coming to see him. [passage omitted]

Qian Changzhao was delighted to see Song Ping and Rui Xingwen and thanked them for coming to see him. He told Song Ping and Rui Xingwen that in 1985, he went to Hainan Island and that he would like to visit the island again. Later, he and Comrades Song Ping and Rui Xingwen discussed how to further develop and build Hainan Island and realize the peaceful reunification of the motherland at an early date. Song Ping said: "Your idea is excellent. Please take good care of yourself so that you may do more things for the nation." Qian Changzhao presented copies of the book he wrote entitled "100 Qian Changzhao Poems" to Comrades Song Ping and Rui Xingwen.

Accompanying Comrades Song Ping and Rui Xingwen to see Comrades Xiao Jingguang and Qian Changzhao was Song Demin, deputy secretary general of the National CPPCC Committee.

**Banqen Lama Visits Lhasa Buddhist Temples**  
*OW101412 Beijing XINHUA in English 1304 GMT*  
10 Feb 88

[Text] Lhasa, February 10 (XINHUA)—Banqen Erdini Qoigyigyanca, a state leader, attended Buddhist services in Lhasa's Jokhang and Ramoqe Temples today.

The Banqen Lama is vice-chairman of the Standing Committee of the National People's Congress and honorary president of China's Buddhist Association.

To the statue of Sakyamuni at the Ramoqe temple the Banqen Lama presented a gold lamp engraved with, "I wish Buddhism success, everyone happiness, the country prosperity and the snow city (Lhasa) prosperity," written in his own calligraphy.

The Nepalese Princess Brikuthi presented the 4,000-kilogram Sakyamuni statue to the temple in the 7th century. In 1985, the state spent 450,000 yuan (122,000 U.S. dollars) reinstalling the statue in the temple.

The Banqen Lama also presented 1,000 butter lamps to the two temples and donated vegetarian food to the lamas and monks.

**Army Says 'Forced Donations' Affect Development**  
*HK110600 Beijing CHINA DAILY in English*  
11 Feb 88 p 3

[Text] The Chinese Army has been forced to donate more than 70 million yuan to aid local construction over the past two years, LIBERATION ARMY DAILY reported yesterday.

And the forced donations, which are banned by the State, have affected the army's normal development, the paper said in a front-page commentary.

The General Logistics Department urged local governments to stop such activities and strictly abide by regulations.

A department of the army was forced to offer a local government 4.29 million yuan over rather more than a year, a situation it could not longer bear, according to the newspaper.

Ninety-eight percent of the department's branches across the country were involved. Some branches were cutting down spending on national defence to make forced donations.

Pressure came from various parts of society. Money was used to help build roads, bridges, urban parks, agricultural markets and urban transport systems.

Less than one-third of the department's soldiers, who are mainly stationed in remote mountainous areas, still live in poor housing. They have improved their living conditions partly by their own production since national defence expenditure has been reduced in the national budget in recent years.

But the increased wealth of some units has drawn the envious attention of local authorities. And not all units have enough money to meet their needs.

"We don't even have funds to build a bathhouse," the paper quoted an officer as saying. "how can we make a donation?"

However, some local departments will provide no water or electricity for army camps if their demands are not met, the paper said. Children of soldiers are barred from schools, and their relatives are unable to find jobs.

When an army branch was building barracks last year, the county where it was based asked for a 200,000 yuan donation for county construction.

To avoid trouble, the soldiers gritted their teeth and cut down the money being spent on the barracks, the paper said.

The army should support local construction with both labour and material when it has enough earnings, and it has been offering such aid, LIBERATION ARMY DAILY said.

However, requests for help from local governments have evolved to forced donations in recent years, exceeding the army's capability.

The Ministry of Civil Affairs and some provincial governments—in Shandong, for example—have issued regulations banning the extortion of donations from the army. Other local government departments should try to stop forced donations and show understanding for the army, the paper said.

**Official Stresses Need for Foreign Experts**  
*OW101202 Beijing XINHUA in English 0851 GMT*  
10 Feb 88

[Text] Beijing, February 10 (XINHUA)—China needs more foreign experts in speeding up its modernization program, said a leading official of the State Bureau of Foreign Experts here on February 9.

Today's "CHINA DAILY" quoted the director of the bureau Li Mingjun as saying that "we welcome foreign talent in various fields to work in China using their advanced technology and experience as we are now open to the world".



Li said that foreign experts were especially needed in the development of new products and new technology, international trade, finance and law as well as to act as consultants in various fields.

Last year, more than 21,000 foreign experts from 50 countries and regions worked in China, compared with 5,000 in 1984. The country's 29 provinces, autonomous regions and municipalities employed foreign experts working in different fields like energy, chemistry, machinery, textiles, building materials, transport, agriculture, telecommunications and the cultural and educational spheres.

The director said most were working in the coastal areas, but the number was increasing in remote areas. More than 500 foreign experts worked in the northwest last year in the oil, chemical and nonferrous metal industries.

The introduction of foreign talent has played an important role in economic development, Li said.

A new rice strain engineered by a Japanese agronomist in a county in Heilongjiang Province has yielded good results and being popularized in Jilin and Liaoning Provinces and the Inner Mongolia Autonomous Region.

Foreign experts have also made remarkable contributions with their sophisticated technology in certain fields, such as oil prospecting in deserts and at sea.

More than 200 new subjects have been established in colleges and universities with the help of foreign teachers, and they have taught thousands of college graduates and post-graduates.

Since 1979, over 130 projects in energy, transport and raw materials have been completed with foreign assistance.

Li estimated that 1988 would see the arrival of at least as many foreign experts as came in 1987.

In Beijing alone, about 600 foreign experts are now working in educational, press and scientific research institutions. Another 800 are employed in the economic sector.

Li said most foreign experts working in China are on good terms with their Chinese colleagues and some have formed personal friendships.

But he said that problems still exist which have caused misunderstandings. The most prominent are the monotony of daily life, especially in some remote areas, the shortage of special goods and difficulty in buying train and airplane tickets.

Therefore, Li stressed, better conditions should be provided according to state rules and regulations to make life more comfortable for foreign experts, and measures have been taken to deal with the three main problems.

**New Industry Plan Stresses Increased Exports**  
*HK110534 Beijing CHINA DAILY in English*  
11 Feb 88 p 1

[By staff reporter Dong Lisheng]

[Text] China has devised an ambitious development plan to generally improve light industry. The plan places a high priority on increased exports, according to Zeng Xianlin, Minister of Light Industry.

The industry plans to double its 1980 export value to \$10 billion in 1990 and then increase it to \$30 billion by the year 2000, Zeng told CHINA DAILY yesterday.

By the turn of the century, the number of different kinds of products is planned to have increased from the current 100,000 to 300,000, and 60 percent should match, or nearly match, world standards.

"Increased exports and foreign exchange earnings are vital to the country's modernization drive as well as the development of industry itself," Zeng said.

He explained that the light industrial factories, especially those in coastal areas and beside big rivers and main railways, can only be strengthened and expanded by becoming more export-oriented and directly competing in world markets.

Factories in other areas should strive to catch up with export-oriented factories to improve the quality of their products to meet the changing domestic demand.

"We must seize the opportunity while the world industrial structure is in a state of change. We should speed up the transformation of our export products," he said.

The ministry will lay stress on improving the quality of products and management and the application of scientific and technological results, Zeng said.

He said that science and technology enjoy an extremely important position in the strategy. "The target is not a hollow one, but one based on our scientific and technological potential," he said.

In the past few years, the industry has turned out more than 5,000 new products each year thanks to scientific and technological advancement.



**Report on Increases in Incomes in 1987**  
*HK110209 Beijing JINGJI RIBAO in Chinese*  
30 Jan 88 p 1

[Report by Li Yinsheng: "Income of Urban and Rural Residents in Our Country Increased Last Year—Total Output Value of Nonagricultural Industry Begins To Exceed That of Agriculture"]

[Text] According to the State Statistics Bureau, the per capita net income of peasants reached about 460 yuan in 1987, an increase of 8.5 % compared with 1986, when it was 424 yuan. With price rises taken into account, the actual rate of increase of the per capita net income of peasants was 3.3 %, which is slightly higher than that in 1986. In 1987, the total output value of nonagricultural industry in the rural areas for the first time exceeded that of agriculture.

In 1987, while the various areas of our country were paying more attention to agricultural production and implementing the state policy of supporting agriculture, agricultural input increased. Rural production expenditure increased more rapidly than rural living expenditure. Annual turnover of agricultural means of production reached 70.5 billion yuan, an increase of 22.4 % compared with the year before. Total annual agricultural output value reached more than 438 billion yuan. If calculated according to fixed prices, total annual agricultural output value increased by over 4 % compared to last year.

The nonagricultural industries tended to develop rapidly. The total annual output value of the rural industries, rural building industry, rural transportation, and rural commerce of our country reached 457 billion yuan. If calculated according to fixed prices, the total annual output value of the rural industries, rural building industry, rural transportation, and rural commerce of our country increased by 19.6 % compared with the year before. The proportion of the total annual output value of the rural industries, rural building industry, rural transportation, and rural commerce of our country in the total annual rural social output value of our country increased from 46 percent in 1986 to 51 % in 1987, thus exceeding the proportion of the total annual agricultural output value in the total annual rural social output value of our country for the first time in history.

The development of agriculture and the development of the nonagricultural industries have greatly pushed forward the overall prosperity of the rural areas of our country. In 1987, the total annual rural social output value of our country exceeded 895 billion yuan. If calculated according to fixed prices, the total annual rural social output value of our country increased by over 12 % in 1987 compared to last year.

Because our country's national economy developed well and rapidly in 1987, the income of staff and workers in the cities and towns also increased. The total annual income of the

staff and workers of our country reached 186 billion yuan, an increase of 12 % compared to last year. The rate of increase of the total income of the staff and workers of our country in 1987 was lower than that of last year, which was 20 %. The per capita currency income of the staff and workers was 1,462 yuan in 1987, an increase of 10 % compared to last year. With the rise in living expenses and price rises taken into account, the actual rate of increase of the per capita currency income of staff and workers of our country in 1987 was 1.3 %. Although this increase rate was lower than that of the year before, which was 8.2 %, if calculated according to the number of people and on a household basis by taking into account other types of incomes earned by staff and workers, the per capita income of the people living in the cities and towns of our country reached 910 yuan in 1987.

In the course of the economic development, some contradictions, such as the contradiction between the production of farm and sideline products and the demand for farm and sideline products, the contradiction between the big scale of investment and the lack of funds for key construction projects, and the contradiction between the expansion of consumption and the fall in the actual income of some residents, were intensified. As a result, residents with different incomes gave different responses and comments on the price reform.

In the fourth quarter of 1987, the urban sample survey team of the Nei Monggol Autonomous Region conducted a survey by issuing a questionnaire to urban households in the region. Some 2,224 replies received by the urban sample survey team showed that some 54 % of the people completely understood and supported the price reform; some 25 % of the people partially understood and supported the price reform; some 13.7 % of the people thought the price reform did not affect them; and only 6.7 % of the people said that the price reform could not be understood, so that they could not ideologically accept the price reform.

**Suggestions for Perfecting Enterprise Law**  
*HK110241 Beijing GONGREN RIBAO in Chinese*  
26 Jan 88 p 3

[Article by Guan Huai (7070 2037), professor of the Institute of Law of China People's University and legal adviser of the All-China Federation of Trade Unions: "It Is Necessary To Define the Master Status of Workers in Enterprises—Some Suggestions on Perfecting the 'Enterprise Law'"]

[Text] "The PRC Law of Industrial Enterprises Under Ownership by the Whole People (Draft)" was recently promulgated. According to the decision of the NPC Standing Committee and State Council, the whole people, particularly the masses of workers, must be organized to carry on discussions and their views must be extensively sought. This is a major event in the political life of the people of our country.

The industrial enterprise law is a legal norm for readjusting the organizations and management of the industrial enterprises and all relations in production and operation activities and it provides a standard for readjusting the relations between the industrial enterprises and the state and the enterprise internal relations, stipulates the rights and obligations of the enterprises, and safeguards the lawful rights and interests of the industrial enterprises to strengthen the vitality of the enterprises so that the enterprises can serve the four modernizations even better.

The "Enterprise Law (Draft)" Is the Summation and Development of the Law and Regulations of the Industrial Enterprises of Our Country [subhead]

Since the 3d Plenary Session of the 11th CPC Central Committee, the building of the legal system of the industrial enterprises has greatly progressed. The relatively important laws and regulations concerning the industrial enterprises are "Provisional Regulations on State-Owned Industrial Enterprises" (April 1983), "Provisional Regulations on the Work of State-Owned Factory Directors" (January 1982), "Provisional Regulations on the Congresses of Workers of State-Owned Industrial Enterprises" (June 1981), "Regulations on Reward and Punishment of Enterprise Workers" (April 1982), and "CPC Regulations on the Work of Grass-Roots Organizations of Industrial Enterprises Under Ownership by the Whole People" and "Regulations on the Congresses of Workers of Industrial Enterprises Under Ownership by the Whole People," which were promulgated in September 1986. At present, this draft absorbs the useful parts of the law and regulations now in force, increases a series of new contents, embodies the requirements for economic structural reform even better, and is, as it were, a draft law on industrial enterprises with Chinese characteristics.

The characteristics of this "Enterprise Law (Draft)" are: 1) Resolutely implementing the factory director responsibility system, explaining the factory director's central status in the enterprise and his all-round leadership duties, and building a unified, vigorous, and highly efficient production command system and an operation and management system; 2) clearly and definitely stipulating the status and role of the enterprise party organizations and realizing the separation of the functions of the party from those of the government; 3) under the principle of the separation of the proprietary rights from operation rights, clearly and definitely providing for the rights and obligations of the industrial enterprises and the relations between the departments concerned of the government and enterprises, expanding the decision-making power of the enterprises, and the enterprises being able to adopt the forms of the system of responsibility for operation, including contracting and leasing, which are beneficial to strengthening the vitality of the enterprises; 4) further stipulating the legal liabilities for the violation of law of the industrial enterprises. The

provisions in this aspect are more specific and detailed than before and advantageous to strengthening the legal authority of the law of the industrial enterprises.

Some Aspects of the "Enterprise Law (Draft)" Should Be Further Perfected [subhead]

The main problem: The "Enterprise Law (Draft)" is relatively careful and detailed in the aspect of administration and management (this is, of course, correct and necessary), but still has some shortcomings and oversights regarding the workers. Our enterprise law is a law of enterprises of a socialist nature. It therefore must further stipulate the workers' master status and define the democratic rights and interests of the workers so that the workers can really feel their important duties in the enterprises and really know that they are the masters of the country and the enterprises. In the issue of how to run the industrial enterprises well, it is essential to rely fully on two kinds of enthusiasm: 1) Enterprise administrative leader's enthusiasm; 2) workers' enthusiasm. If we want to run the socialist enterprises well, we cannot move a single step without the workers' enthusiastic support. After the promulgation of our industrial enterprise law, we must enable the workers to establish their sense of responsibility as masters and enable the enterprise administrative leaders to firmly rely on and respect the workers. The following specific suggestions are put forward to perfect the "Enterprise Law":

First, an article dealing specifically with the workers' legal status in the enterprises should be included in the general principles. The general principles now only contain "through the congresses of workers and other forms, democratic management is carried out," but do not provide for the workers' status in the enterprises or for the attitude of the enterprise administrative leaders with the factory directors as representatives toward the workers. I think we can include an article: "The enterprises must respect the workers' status as masters of the state, and the enterprise administrative leaders must resolutely rely on the workers and fully arouse their enthusiasm."

Second, it is suggested that in the separate chapters, we must independently add one chapter, "Workers," which clearly and definitely provides for the workers' rights and obligations in the enterprises.

Third, in the chapter "Enterprise Democratic Management," we must add more functions and powers to the workers' congresses. The workers' congresses are now an important form of democratic management in the enterprises, and the provisions of this chapter have a bearing on the workers' status in the enterprises. The present draft retreats one step from the previous provisions. At present, the workers' congresses have not brought their necessary role into play, and if the enterprise law retreats one more step, the role of the workers' congresses can possibly be affected more adversely. Some original wording should preferably be restored in this chapter.



We must first define the nature of workers' congresses and should write "the workers' congresses are a basic form in which the enterprises carry out democratic management and are the organs that the workers use to exercise the democratic management power" because power and rights that are different from each other bear different meanings. Democratic management should be a power instead of a right, and is not the interests of the workers. It is, therefore, more appropriate to use power.

Article (1) of the next chapter, on the functions and powers of workers' congresses, reads "listen to and discuss the factory directors' reports of the principles of enterprise operation, long-term plans, annual plans, programs for expansion and reform, programs for important technological transformation, plans for training the workers, programs for the distribution and use of privately-owned funds, and programs for the system of responsibility for operation by contracting and leasing; also the workers' congresses put forward views and suggestions." It is more appropriate to use examination and discussion here, because the power of examination and discussion does not affect the factory directors' power of making policy decisions and, by using examination and discussion, prominence can be given to the principle of democratic management, the factory director responsibility system can be shown still better under the principle of democratic centralism, and the democratic spirit of respecting the workers' views can be embodied.

Fourth, legal liabilities for encroachment upon the lawful rights and interests of the trade unions and workers must be added to the chapter "Legal Liabilities." Article 41 of the draft provides that "enterprises must protect and safeguard the lawful rights and interests of the trade unions and workers." It is very good and important to have this article. What liabilities, however, should result from violation of this article? Many tendencies that merit attention exist in practical life. While emphasizing the factory director responsibility system, some factory directors did not respect the legal status of the trade unions and they infringed at will on their property. There were even instances of disbanding and abolishing trade unions. There were more cases in which enterprise administrative leaders encroached upon the lawful rights and interests of the workers. Some enterprise administrative leaders changed decisions of workers' congresses at will and without soliciting the opinions of the trade unions; some others did things at will, such as discharging workers, punishing workers, withholding wages, suspending the issue of bonuses, and depriving workers of the right to undergo professional training. Great attention must be paid to these actions. It is, therefore, insufficient to have the positive provisions of Article 41 alone. It is suggested that in the chapter "Legal Liabilities," we must add an article: "If an enterprise administrative leader contravenes the provisions of Article 41 of this law, he shall be subject to disciplinary sanctions, and where the nature is abominable or the cases are serious, his criminal liabilities should be investigated and affixed."

In addition to the above views, we can also consider the addition of the following contents to the first chapter of the rights and obligations of the enterprises: 1) In the aspect of the rights of the enterprises, "according to the law, an enterprise has the right to carry out associated operations and economic cooperation with other enterprises or units." 2) "According to the law and regulations and in conjunction with its own specific situation, an enterprise has the right to formulate its own by-laws, discipline, rules of operation, and system of personal responsibility." 3) In the aspect of the obligations of enterprises, "an enterprise must show concern for the special interests of the women workers and do a good job in especially protecting the women workers." 4) "An enterprise must show concern for the daily life of the workers and, on the basis of developing production, gradually improve the workers' material and cultural life and do the collective welfare work well." 5) "An enterprise must implement the security system, be responsible for conducting security education for the workers, establish and put on a sound basis the workers' security system, do public security work well, and protect the property under its operation and management from encroachment."

(The writer of this article is a professor of the Institute of Law of China People's University and legal adviser of the All-China Federation of Trade Unions.)

**Plan for Reform of Land System Advanced**  
*HK110315 Beijing JINGJI RIBAO in Chinese*  
30 Jan 88 p 2

[Article by the Economic Policy Research Center of the Ministry of Agriculture, Animal Husbandry, and Fishery and the Economic Growth Study Group of the Rural Development Research Institute Under the Chinese Academy of Social Sciences: "Reforming the Existing Land System"]

[Text] The biggest contradiction between the production forces and production relations in the rural areas at present is none other than the land system—land being under public ownership while production is of a self-sufficient or semi-self-sufficient nature. Some people regard unitary public ownership of land as the basic characteristic of China's socialist agriculture. However, we find that not all land in Poland and Yugoslavia is under public ownership, but we do not hear anyone doubting the socialist nature of their agriculture. Saying that unitary public ownership of land is the unchangeable basic characteristic of China's socialist agriculture is the greatest restriction on the rational readjustment of existing land relations.

The system of contracted responsibility on the household basis with remuneration linked to output has smashed the practice of "eating from the same big pot" in distribution, but has given rise to the practice of "eating from the same big pot" in the use of land, a resource which is insufficient in quantity and in great



demand. The major drawback of the distribution and use of land on an equal basis is that this practice does not enhance the development of a "farmland-saving" type agriculture, or the most effective disposal of resources. In the pattern of separating the two rights regarding land, the main body of agricultural investment has changed, but an investment mechanism conducive to agriculture has not taken shape. Shortage of agricultural resources will develop into a threat to development. In short, the existing land system cannot insure "steady operation" in the long-term development of China's agriculture. Nor can it provide a foundation for farmland protection, capital construction on farmland, or enhancement of the replacement of resources with capital. The voluntary and imprecise nature of the "land contract" system itself makes the systematization and standardization of agriculture difficult.

Due to numerous long-standing restrictions of the old structure, only the first steps in changing the right of operation have been taken in implementing the system of contracted responsibility with remuneration linked to output, and these steps cannot be too big. At present, the benefits of the "overall contract" system are being gradually offset by problems arising from the lack of thoroughness of the system. On the other hand, the reform of the land system, being the foundation for deepening rural reforms, is inevitable and pressing.

People have different views on how to reform the existing land system. Some people stand for operation by leasing land under state ownership. This is tantamount to stripping the peasants of land. Effecting an artificial change to a higher level of ownership will be of no help to economic development, but will once more land the economy in a predicament.

Other comrades say that on the premise of retaining public and collective ownership, the rights of using land, obtaining benefits from land, and disposing of land should be given to the peasants. However, it is difficult to consolidate and develop an economy which is based on millions upon millions of self-sufficient and semi-self-sufficient families.

One plan for reforming the land system which is worthy of consideration is to admit that the final possessors of farmland should be the peasant households. Even in today's collective ownership, the collectives should still be peasant household collectives and not state collectives. Peasant households should have the freedom to leave or enter a collective and to choose a collective. They should also have the right to determine the methods of collective management and distribution through voting. The reform of the land system should take state interests into consideration and meet the peasants' demand for land. Our concrete proposals are as follows:

1. We should recognize that land belongs to peasant households, and collectives should give up their nominal ownership. The rights of using land, obtaining benefits from land, and disposing of land should be managed according to law.

2. We should implement the "system of dividing land into grain ration land and commodity land." Grain ration land is for ensuring the peasants will have enough food and clothing, and it should be directly managed by peasant households. Commodity land also belongs to the peasants, but is not distributed to peasant households. Large pieces of commodity land should be hired out through inviting tenders. They should then be used for the production on a substantial scale of agricultural and sideline products needed by the state. Successful tenderers should sign a leasing contract according to state regulations. Such a contract may include: a) quantity of products to be sold; b) resources protection indexes; c) state obligations; and d) risk management against mortgage.

3. We should establish the land credit system and the peasants should hold land property shares in the commodity land as possessors. Such shares should receive bonuses, and circulation and inheritance of such shares should be allowed. Shareholders should have the right to make policy decisions on management and the right to share benefits. The state should set up a land credit department to manage circulation of grain ration land and shares in commodity land.

Inviting tenders for the management of large pieces of commodity land will increase the scale of management and the training of resourceful land managers who can ensure a high rate of production growth, an increase in state procurement, and benefits from land. The practice of "eating from the big same pot" will be thoroughly smashed and grain ration land will become the peasants' most reliable bank for investment. Setbacks resulting from peasants' economic behavior based only on short-term interests will be overcome.

The implementation of the "system of dividing land into grain ration land and commodity land" is an option for the reform of the land system. We hold that it can do away with shortcomings in the existing land system and at the same time is the best option for ensuring long-term steady economic development.

**Rural Experimental Reform Network Taking Shape**  
OW110519 Beijing XINHUA Domestic Service  
in Chinese 0825 GMT 8 Feb 88

[By reporters Jiao Ran and Ji Bin]

[Excerpts] Beijing, 8 Feb (XINHUA) — A network of 12 rural reform experimental zones has taken shape in 10 provinces and autonomous regions in China over the past year, and initial success has been achieved in exploring ways for deepening the rural reforms.

The third national meeting to exchange experience in the work of rural reform experimental zones ended in Beijing today. [passage omitted]

Wang Qishan, director of the Central Rural Policy Research Center's office on the experimental zones, said: Practice over the past year has proved that the party Central Committee has made a correct policy decision to set up the experimental zones as an important step to deepen the rural reforms. Through the experimental zones we have explored and tried out various means for solving problems, and thus deepened our understanding of the reform. Through experiments we have put theory and ideas of reform into practice at key points and enabled ourselves to more comprehensively understand and grasp the complexity involved in reform, thereby collecting more systematic and practical information for making overall reform policy decisions and raising our awareness of reform. At the same time, the experimental zones, as the pioneers in reform, have been made an exception in observing certain existing policies and systems. In this way, we have not only reduced the overall

difficulty and risk but also resolved problems in a few experimental zones which, being the models for similar areas, can help us find more practical ways and means to carry out and develop reform in different areas and ensure its steady advance.

Turning to the future work, Wang Qishan said: It is necessary to continue the work in the experimental zones and ensure its success, considering the protracted and arduous nature of the rural reforms. In order to set up a perfect rural reform experimental system, efforts should be made to further readjust, increase, and deepen the substance of experiments, and improve the overall structure of experimental zones by coordinating reform with construction, exploring various ways for standardizing the system, and applying the success achieved at key points to the work in other areas.

### East Region

#### Anhui's Li on Coastal Provinces' Example *OW091325 Beijing XINHUA Domestic Service in Chinese 1147 GMT 6 Feb 88*

[Text] Hefei, 6 Feb (XINHUA)—At a meeting of more than 10,000 cadres held by the provincial party committee yesterday, Anhui CPC Committee Secretary Li Guixian said: It is essential for Anhui to learn from Guangdong, Fujian, and Zhejiang Provinces, and to explore the international market and overcome the fear of being taken advantage of in the course of introducing investment from abroad. It is also essential to establish lateral ties at home, thereby speeding up implementation of the reform and open policy in order pull up Anhui's economy.

Li Guixian made these remarks after his inspection tour of Guangdong, Fujian, and other areas. At the meeting, he said: Despite the lack of a strong economic foundation, both Guangdong and Fujian Provinces have achieved great progress in the past 8 or 9 years. They made this progress because they were resolved to promote socialist commodity economy with a clear purpose in mind and were very flexible. By learning their successful experience, we should firmly carry out the reform and open policy by opening our doors to investment from other localities, provinces, and countries and welcoming joint efforts to tap our resources, thus enabling Anhui to take part in the grand international economic cycle.

Li Guixian pointed out: During the course of developing commodity production, it is necessary to free ourselves from the idea of merely depending on the state for funds and for assigned projects. To this end, we should turn to our own society for funds by mobilizing tens of thousands of households to invest in enterprises and by turning "frozen capital" into "circulating money" and "small money" into "big money" by various economic means. We should use the special economic zones as a "springboard" and, with this "bridge", encourage Anhui's trading and manufacturing enterprises to set up companies and plants in these special economic zones. With the help of the developed coastal areas, we can also attract foreign investment, import technologies, and accept orders in the "three forms of import processing and compensation trade" or in normal trade.

Li Guixian said: By hook or by crook, Anhui should first try to open its riverside cities and counties and promote the production of labor-intensive or technology-intensive commodities in order to make its way to the international market.

#### Chen Guangyi Attends Fujian CPPCC Closing *OW111003 Fuzhou FUJIAN RIBAO in Chinese 28 Jan 88 p 1*

[By FUJIAN RIBAO reporter Rao Shanghao]

[Excerpts] The first meeting of the Sixth Fujian Provincial CPPCC Committee came to a victorious close at the Fuzhou Xihu Guesthouse yesterday (27 January) morning.

A total of 450 members and 135 observers attended the closing ceremony. [passage omitted]

Chen Guangyi, newly elected chairman of the Fujian Provincial CPPCC Committee; Vice Chairmen Chen Xizhong, Zhang Kehui, Ling Qing [0407 7230] Ni Song-mao, Zhao Xiufu, Lu Haoran, Chen Yangzeng, Xu Jimei, Gao Hu [7559 5170], Hong Huasheng [3163 5478 3932], Lin Mengfei [2651 1125 7378]; and Secretary General Yang Zhongli [2799 6988 5867] sat in the front row of the rostrum. [passage omitted]

Comrade Chen Guangyi addressed the closing ceremony. [passage omitted]

He set four requirements for members of the Fujian Provincial CPPCC Committee:

First, they should continue to emancipate their minds. The basic line and the theory of the initial stage of socialism set forth by the 13th party congress indicate a more conscious understanding of the line followed since the 3d Plenary Session of the 11th CPC Central Committee. While studying the 13th party congress documents, special attention should be paid to emancipating our minds. Like party and government organs, all CPPCC committees, democratic parties, and people of all walks of life should extensively, thoroughly, and earnestly pursue education on basic party lines and the theory of the initial stage of socialism, centering around "one center and two basic points" [one center: economic construction; two basic points: 1) Upholding the four cardinal principles, the general policy of reform, and opening to the outside world; 2) invigorating the economy]. While upholding the four cardinal principles, we must persist in reforming and opening to the outside world and dare to do away with a dogmatic understanding of Marxism as well as historical idealist concepts — discussing socialism in abstract terms without regard to productivity. We should continue to unify our understanding, foster greater unity, heighten our spirit, mobilize all positive factors in all quarters, and do our part in expediting Fujian's reform, opening up, and an export-oriented economy by making suggestions and providing services.

Second, we should continue to manifest the CPPCC organs' function of participating in "political consultations and democratic supervision." CPPCC organs should uphold the principle of "long-term coexistence, mutual supervision, showing utter sincerity in dealing with each other, and sharing weal and woe." Members of all democratic parties and patriotic personages without any party affiliations should involve themselves in the state's political affairs. [passage omitted]

Third, through various channels at all levels, CPPCC organs should continue to promote all forms of ties with people abroad. Attention should be directed to making more friends, promoting friendly ties with them, and encouraging them to cooperate with us economically and technically. We should fully understand their love for motherland, hometown, and family. We should also



make every effort to help them realize their objectives of visiting their families, setting up plants, investing in production or construction projects, and establishing public services. While doing this, we should protect their legitimate interests and rights. We should draw up preferential policies to encourage them to set up processing-on-order businesses, enterprises that process imported materials or assemble imported parts, compensatory trade enterprises, and township enterprises and develop export-oriented agricultural undertakings. To bring in proficient personnel, technological, and managerial expertise, we should encourage them to set up enterprises exclusively with their capital, set up joint ventures or cooperative enterprises, undertake contractual or leasing operations, be shareholders, or partake in remodeling old enterprises. To promote friendship between people on both sides of the Taiwan Strait and to expedite mail, trade, air, and shipping services between the two sides, we should now receive Taiwan compatriots coming to Fujian to visit their relatives.

Fourth, we should continue to strengthen and improve all CPPCC organs. We should have a clearer idea of the nature and missions of CPPCC organs, heighten our sense of mission and responsibility, and make constant efforts to improve our efficiency and reinvigorate CPPCC organs at all levels. Party committees at all levels must earnestly strengthen their leadership over CPPCC organs; care for and support the work of all CPPCC organs, democratic parties, and mass organizations; and take the initiative in solving their problems. Party committees at all levels should help democratic parties improve their mechanisms as political parties, and improve their leading bodies by strengthening their ideological and organizational construction.

Sitting at the rostrum yesterday were leading comrades of the Fujian provincial party committee and its Advisory Commission, the Standing Committee of the Fujian Provincial People's Congress, the provincial government, and the provincial Military District. Also sitting at the rostrum were veteran comrades Wang Zhaoguo, Jia Qinglin, Hu Hong, Cheng Xu, Cai Ninglin, Yuan Qitong, Lin Kaiqin, Wen Fushan, Zhang Gexin, Huang Ming, Wang Yan, Wang Zhi, Liu Yongye, Hou Linzhou, Zhang Yumin, You Dexin, Huang Changxi, Chen Mingyi, Su Changpei, Cong Lizhi, We Jinshui, Wu Hongxiang, He Minxue, Lu Sheng, Xiong Zhaoren, Jiang Xuedao, Zuo Fengmei, Lu Tao, Zhang Zhaohan, Xu Yuqing, Wang Zhaokun, and Lu Fuxiang. [passage omitted]

**Jiangsu's Han Peixin Attends PLA Meeting**  
*OW110335 Nanjing Jiangsu Provincial Service*  
*in Mandarin 2300 GMT 8 Feb 88*

[Excerpts] Leading comrades of the provincial party committee, provincial government, provincial People's Congress Standing Committee, provincial CPPCC Committee, provincial Discipline Inspection Commission and the Jiangsu Military District happily gathered at an army-government discussion meeting held in the Jiangsu

Military District building on the morning of 8 February. They reviewed the achievements made by the provincial military district in building up the Army and the Army Reserve force in recent years. They also discussed how to further strengthen army-government and army-people unity and make new achievements.

The provincial leading comrades included Han Peixin, Gu Xiulian, Sun Han, Chen Huanyou, Sun Jiazheng, Gu Hao, Liu Lin, Li Zhizhong, Ling Qihong, Zhang Xuwu, Li Shouzhang, Wu Xijun, Chen Zonglie and (Cao Keming). The leading comrades of the Jiangsu Military District included Zhen Shen, Yue Dewang, (Chen Yuexin), Miao Guoliang and (Chen Kehou). [passage omitted]

Han Peixin, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, warmly praised the Jiangsu Military District for its creativeness in work and called on local comrades to learn from it. [passage omitted]

**Han Peixin Attends Tea Party in Nanjing**  
*OW110626 Nanjing Jiangsu Provincial Service*  
*in Mandarin 2300 GMT 10 Feb 88*

[Excerpts] Notables from all sectors in Jiangsu Province gathered at a Spring Festival tea party in the auditorium of the provincial CPPCC Committee on the afternoon of 9 February.

Attending were responsible persons from the provincial CPC committee, the provincial Advisory Committee, the Standing Committee of the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Committee, including comrades Han Peixin, Gu Xiulian, Chen Huanyou, Sun Jiazheng, Liu Lin, Zhou Ze, Li Zhizhong, Xing Bai, Ling Qihong, Yang Yongyi, Zhang Xuwu, Li Shouzhang, Luo Yunlai, Ding Haoming, Gao Juefu, Chen Zonglie, and Chen Minzhi. [passage omitted] Together with responsible persons from concerned departments under the provincial government, democratic parties in the province, the provincial federation of industry and commerce, people's groups, and the Nanjing City CPPCC Committee, there were over 400 people taking part in the party. [passage omitted]

**Jiangxi's Wan Shaofen Greets Intellectuals**  
*OW110357 Nanchang Jiangxi Provincial Service*  
*in Mandarin 1100 GMT 8 Feb 88*

[Excerpts] The provincial leading group for the work on intellectuals, the Organization Department of the provincial party committee, the provincial Labor and Personnel Department, and the provincial Scientific and Technological Commission jointly held a Spring Festival forum for intellectuals in Nanchang this morning. Some 20 well-known intellectuals from various circles in Jiangxi freely aired their views for accelerating the reform and opening up and expanding productive forces in Jiangxi. [passage omitted]

The forum was chaired by Lu Xiuzhen, Standing Committee member and director of the Organization Department of the provincial party committee. Secretary Wan Shaofen and Deputy Secretary Liu Fangren of the provincial party committee and Vice Governor Chen Guizhen attended and spoke at the forum. On behalf of the provincial party committee and the provincial government, they extended Spring Festival greetings to all hardworking intellectuals in Jiangxi. [passage omitted]

**Shandong's Liang Attends Congress Closing**  
*SK100143 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 8 Feb 88*

[Excerpts] The First Session of the Seventh Shandong Provincial People's Congress successfully concluded amid the majestic music of the national anthem on 8 February. The session has fully developed democracy from beginning to end; done things strictly according to the law; been filled with the atmosphere of liveliness, unity, and enthusiasm; and has fulfilled the fixed targets.

During the session, the participating members heard and discussed various reports and worked out appropriate resolutions. They fully acknowledged the achievements scored in the work by the former provincial People's Congress Standing Committee, the provincial people's government, the provincial Higher People's Court, and the provincial People's Procuratorate.

The session elected the province's deputies to the Seventh NPC session, the staffers of the seventh provincial People's Congress Standing Committee, the governor and vice governors of the province, the president of the provincial Higher People's Court, and the chief procurator of the provincial People's Procuratorate.

Li Zhen, executive member of the session's presidium, presided over the closing ceremony of the session.

The session approved resolutions on establishing special committees and the namelist of staffers for the special committees, on approving the province's 1988 draft plan for the national economy and social development, and on the implementation of the 1987 budget and on the 1988 budget. The session also approved resolutions of the government work, the provincial People's Procuratorate and Higher People's Court, and the provincial People's Congress Standing Committee work reports. [passage omitted]

Attending the closing ceremony of the session were executive members of the session's presidium, including Liang Buting, Lu Maozeng, Jiang Chunyun, Xiao Han, Xu Leijian, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, Lin Ping, Zeng Chengkui, Feng Lizu, Lu Hong, Xu Sen, and Yan Qingqing.

**Shandong People's Congress Committee Opens**  
*SK110757 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 10 Feb 88*

[Excerpts] The first Standing Committee meeting of the seventh provincial People's Congress opened at the meeting hall of Jinan's Zhenzhuquan Auditorium on the morning of 10 February. Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over the meeting.

After the meeting's participants adopted the agenda, Chairman Li Zhen made a speech. He said: The first session of the seventh provincial People's Congress, which ended not long ago, elected 75 members to serve the new term of the Standing Committee. The quality of these new members is remarkably better than that of the past. Their knowledge and age structures have been improved. Today, we held the first Standing Committee meeting of the seventh provincial People's Congress. Present at our meeting as observers were leading comrades of the provincial government, the provincial Higher People's Court, and the provincial People's Procuratorate. Governor Jiang Chunyun and some vice governors also attended this meeting. This is the first time that these leaders attended such a meeting since the founding of the Standing Committee of the provincial People's Congress. This shows that leading personnel to serve the new terms of the provincial government, the provincial Higher People's Court, and the provincial People's Procuratorate attach great importance to the meeting of the provincial People's Congress Standing Committee. [passage omitted]

Present at the 10 February meeting were Lu Hong, Xiao Han, Wang Shufang, Xu Jianchun, Li Ping, Zeng Chengkui, Xu Sen, Yan Qingqing, Li Ye, and (Ma Xitao), vice chairmen of the provincial People's Congress Standing Committee. Present at the meeting as observers were Jiang Chunyun, provincial governor; Ma Zhongchen, Ma Shizhong, Tan Qinglian, Zhao Zhihao, and Li Chunting, vice governors; Meng Zhaoju, president of the provincial Higher People's Court; and responsible persons of the provincial People's Procuratorate and other pertinent departments.

**Central-South Region**

**Guangdong's Lin Ruo Speaks With Scientists**  
*HK101227 Guangzhou Guangdong Provincial Service*  
*in Mandarin 1030 GMT 9 Feb 88*

[Excerpt] Lin Ruo, Ye Xuanping, and Luo Tian, leading comrades from the Guangdong provincial party and government organizations, this afternoon visited the provincial science building in spite of the cold wind and drizzle. They made the visit to attend a dialogue between party and government leaders and scientists sponsored by the provincial association for science and technology. [passage omitted]



**Shenzhen Economy To Open Wider**  
*OW101220 Beijing XINHUA in English 1159 GMT  
10 Feb 88*

[Text] Shenzhen, February 10 (XINHUA)—Inviting foreign firms to manage capital goods markets and turning state-owned enterprises into shareholding ones are new reform measures to be taken in the Shenzhen Special Economic Zone this year.

Shenzhen will open its marketplace up for more capital goods such as steel, under a tentative plan to deepen economic reforms that was drawn up earlier this year by the Shenzhen City government.

The plan calls for coordinating land reform efforts with the housing reforms, and improving land management.

It also calls for changes in the way enterprises do business. For example, some well-managed enterprises will be selected this year to issue stock shares to the public.

Efforts to formulate policies governing enterprise wages will be taken, while banks and tax offices will intensify their supervision over income distribution in enterprises.

Other new reform measures include allowing enterprises to transfer their property rights, and reforming the housing system to allow for the commercial sale of apartments.

The plan is designed to grant enterprises full managerial authority, and enable them to fend for themselves in the competitive marketplace.

It also aims to institute a modern market system to link Shenzhen closely to the Chinese and world markets.

Another purpose is to enable the local government to regulate Shenzhen's business by economic, legal and administrative means.

**Hainan Leader Pays Morale Visit to PLA Units**  
*HK100925 Haikou Hainan Island Service  
in Mandarin 1100 GMT 9 Feb 88*

[Excerpt] On 8 February, a Hainan regional Spring Festival morale group, led by Yao Wenxu and Pan Qiongxiong, secretary and deputy secretary of the regional party committee, paid morale visits to the following units: The PLA Naval units stationed in the Haikou area, the Naval Hospital, the (?Baitou) and (Hutong) cadres institutes under the Hainan Military District, and People's Armed Police units. [passage omitted]

**Southwest Region**

**Guizhou's Hu Attends Festival Gathering**  
*HK110801 Guiyang Guizhou Provincial Service  
in Mandarin 2300 GMT 10 Feb 88*

[Excerpts] On the evening of 10 February, Guizhou and Guiyang held a grand Spring Festival gathering in the ceremonial hall of the Military District to support the Army and give preferential treatment to its dependents. Present were party, government, and Army leaders of the province and city including Hu Jintao, Liu Zhengwei, Su Gang, Liu Hanzhen, Liang Wanggui, Luo Shangcai, Zhang Shukui, Miao Chunting, Song Shugong, and Jiao Bin. [passage omitted]

Vice Governor Zhang Shukui and Guizhou Military District Political Commissar (Kang Huzhen) spoke at the gathering. [passage omitted]

**Sichuan's Yang Rudai Praises Chengdu Air Force**  
*HK110643 Chengdu Sichuan Provincial Service  
in Mandarin 0100 GMT 11 Feb 88*

[Text] Sichuan Provincial CPC Committee Secretary Yang Rudai said yesterday to the principal leading comrades of the Chengdu Military Region Air Force: The PLA is there wherever there are difficulties. The Air Force units in Sichuan have made great contributions to local construction. They have performed particularly well in rescue and relief work.

Yesterday morning, Hou Shujun, former commander of Chengdu Military Region and concurrently commander of the Military Region Air Force [as heard], and (Di Hao), political commissar of the Military Region Air Force, and other leading comrades visited the provincial party committee and people's government. Comrade Yang Rudai, secretary of the provincial party committee, Gu Jinchu and Feng Yuanwei, deputy secretaries, and Vice Governor Xie Shijie accepted their new year greetings to the Sichuan provincial leadership and people. The two parties exchanged information and discussed the changes brought to the PLA and the localities by the reforms.

Yang Rudai and Xie Shijie thanked the Air Force for its support for local construction, and extended new year greetings to the Air Force commanders and fighters in Sichuan.

**Northwest Region**

**Gansu Agricultural Work Conference Sets Tasks**  
*HK110617 Lanzhou Gansu Provincial Service  
in Mandarin 2300 GMT 10 Feb 88*

[Excerpts] A provincial agricultural work conference which concluded yesterday proposed that the province should get a good grasp of fighting drought and make proper preparations for spring farming. The meeting



stressed that the rural areas must in particular promote production on irrigated land, areas that are neither arid nor waterlogged, and hilly land, and strive to expand the grain sown area. The province should readjust the cropping pattern and expand the areas of major autumn crops such as maize and potatoes. [passage omitted]

It is necessary to mobilize the masses to seize the opportunity in winter and spring to repair and tidy up water conservancy facilities and carry out irrigation. It is also necessary to inspect and step up field management of the more than 10 million mu of winter wheat, to ensure its normal greening up and growth. [passage omitted]

Provincial Party Committee Secretary Li Ziqi spoke at the meeting. He said that, to basically solve Gansu's food and clothing problem in 3 years, we must further emancipate our minds, adhere to the criterion of development of the productive forces, and put grain production in the primary position. We must strengthen the agricultural foundation.

Governor Jia Zhijie, who has just returned from Beijing, also spoke at the meeting.

**Ningxia's Shen Daren Compliments PLA Units**  
*HK110717 Yinchuan Ningxia Regional Service*  
*in Mandarin 0000 GMT 11 Feb 88*

[Excerpts] Yesterday morning, leading comrades of the Ningxia regional party committee, People's Congress Standing Committee, government, and CPPCC including Shen Daren, Bai Lichen, Hei Baili, and Xue Hongfu, and leaders of Yinchuan City paid Spring Festival morale visits to Ningxia Military District and PLA units stationed in the region. They extended greetings on behalf of the region's 4 million people.

On arrival at Ningxia Military District, regional CPC Committee Secretary Shen Daren and his party were welcomed by the military and political leaders of the military district. These included Liu Xueji, Wang Huanmin, and Hu Shihao, together with leaders of the Military District headquarters and political and logistics departments. [passage omitted]

In a speech, Comrade Shen Daren said that Ningxia's economy registered healthy, sustained, and steady development last year. Total industrial output value was 2.9 billion yuan, a 3.6 percent rise over 1986. Despite severe drought in the southern mountains, grain output reached 1,385 million kg. Living standards continued to improve. [passage omitted] Our successes could not have been achieved without the support of Ningxia Military

District and the PLA units stationed in the region. This year also, the various trades and sectors cannot do without the support of the troops in fulfilling all their tasks. [passage omitted]

Comrades Hao Tingzao and Liu Guofan, deputy secretaries of the regional party committee, paid morale visits to the veteran cadre sanatorium, a PLA hospital, a certain guard regiment of Ningxia Military District, the reception center of Yinchuan Railway Subbureau, and the commanders and fighters of a 2d Artillery Corps unit.

**Shaanxi Secretary Comments on Police Work**  
*HK101321 Xian Shaanxi Provincial Service*  
*in Mandarin 0030 GMT 9 Feb 88*

[Excerpts] The provincial People's Armed Police general union 7 February commended a number of advanced units and individuals. Zhang Boxing, Zhou Yaguang, and Li Sengui, leading comrades from the provincial party committee, attended the commendation meeting and presented certificates of merit and prizes to the advanced units and individuals. [passage omitted]

Zhang Boxing, secretary of the provincial party committee, expressed the hope that the People's Armed Police Forces in our province will conscientiously strengthen policy building, deepen all reforms within the forces, constantly improve their fighting capacity, and play the role of a dagger in cracking down on criminal activities. He also expressed the hope that party committees and governments at all levels will care for and support Armed Police building, and that they will do their best to use their financial and material resources to help People's Armed Police units solve some real problems.

**Shaanxi's Zhang Meets Past Party Secretaries**  
*HK101339 Xian Shaanxi Provincial Service*  
*in Mandarin 0030 GMT 10 Feb 88*

[Excerpts] Zhang Boxing, secretary of the provincial party committee, Zhang Ze, chairman of the provincial Advisory Commission, and some other leading comrades yesterday afternoon attended a forum to listen to the views and suggestions regarding current political and ideological work at colleges and universities as aired by retired party committee secretaries of more than 20 colleges and universities. [passage omitted]

Comrades Zhang Boxing and Zhang Ze conscientiously listened to the veteran comrades' views. They then earnestly urged the veteran comrades to give full play to their remaining enthusiasm and to make contributions to developing higher education in our province.

The forum was jointly sponsored by the department of science and education under the provincial party committee and the provincial society for study of the ideological, political, and educational work at colleges and universities.

**Taiwan Makes Efforts To Rejoin World Bodies**  
*HK091528 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1011 GMT 9 Feb 88*

[Report: "Taiwan Has Worked Out Several Names With Which It Can 'Rejoin' International Organizations"]

[Text] Hong Kong, 9 Feb (ZHONGGUO XINWEN SHE)—A couple of days ago Taiwan's TZU-LI TSAO-PAO [INDEPENDENCE MORNING POST], which started publication recently, reported that Taiwan authorities recently worked out some names with which Taiwan will be able to "rejoin" international organizations. The report also said that Taiwan will assume an active posture to achieve this goal.

According to the report, Taiwan is presently fighting to "rejoin" the General Agreement on Tariffs and Trade (GATT) with two alternative names, the first choice being "Republic of China (Taipei)" and the second being "China (Taiwan)".

The report said that Taiwan formerly was a GATT member, but withdrew in 1965. Since Mainland China is not a member of the GATT at present, it is believed that Taiwan is very likely to succeed in its attempt to "rejoin" this organization using the first name.

As for Taiwan's being represented at the annual Asian Bank meeting to be held in Manila next April, the department concerned in Taiwan has already worked out several names. The most preferable name is "China, Taipei" or "China, Taiwan," while "China (Taipei)" or "China (Taiwan)" is less preferable.

Taiwan did not attend the annual Asian Bank meeting the last 2 years, the report said. Since next year's annual meeting will be held in Mainland China, Taiwan's seat at the Asian Bank will be seriously challenged if it is not present at the forthcoming annual meeting. Therefore, Taiwan authorities have actively consulted with the Asian Bank on the question since late last year.

**Taiwan Relaxes Rules on Mainland Products**  
*OW110629 Beijing in Mandarin to Taiwan*  
*0400 GMT 10 Feb 88*

[Text] According to XINHUA News Service from Hong Kong, Taiwan's ZHONGGUO SHIBAO [CHINA TIMES] has reported that the International Trade Bureau of the Ministry of Economic Affairs in Taiwan is studying a draft plan to relax limitations on importing raw materials from

the mainland. The International Trade Bureau of the Ministry of Economic Affairs in Taiwan noted that businessmen have repeatedly hoped that the authorities would permit the import of raw materials such as cotton and coal from the mainland in order to enable Taiwan's export-oriented enterprises to compete with South Korea and Singapore on an equal footing.

At present, Taiwan authorities still strictly forbid the import of mainland items. However, owing to the fact that some items needed in Taiwan are produced only on the mainland, Taiwan's Ministry of Economic Affairs last year announced the relaxation of indirect imports of 27 kinds of agricultural and industrial raw materials from the mainland. The list was later increased to 29.

**Reunification Would Benefit Taiwan, PRC**  
*OW092344 Beijing XINHUA in English*  
*1316 GMT 9 Feb 88*

[Reunification Is Beneficial to Mainland and Taiwan, Economist Says"—XINHUA headline]

[Text] Beijing, February 9 (XINHUA)—Both the mainland and Taiwan will score even faster economic growth following China's reunification, said noted economist Tao Dayong.

"The mainland has a vast territory and is rich in natural resources, while Taiwan has limited resources," said Tao, a professor at the Beijing Teachers University.

The reunification will make it possible for Taiwan to buy directly from the mainland raw materials such as coal, crude oil and salt.

Meanwhile, the mainland will be able to buy directly from Taiwan technology and equipment needed for making light industrial goods, medicine and other products.

Taiwan has a fairly developed light industry, but it is behind the mainland in the machine-building and space industries.

The mainland is not slower than Taiwan in terms of the economic growth rate, he said.

The mainland has a vast market, while Taiwan depends heavily on the world market.

Said he: "Following the reunification, Taiwan will be able to open up a big market for its goods on the mainland, which will in return speed up its economic growth."



### Acceptable National Designations Determined

#### Premier Hints at Flexibility

HK101312 Hong Kong AFP in English 1302 GMT  
10 Feb 88

[Text] Taipei, Feb 10 (AFP)—Premier Yu Kuo-hua said Wednesday that Taiwan could be more flexible on its official title, in a bid to rejoin several international organizations, if its national dignity is maintained.

Taipei has withdrawn from several international organizations in recent years, including the General Agreement on Trade and Tariffs (GATT) and the International Monetary Fund (IMF), after the bodies requested that Taiwan change its membership status from the "Republic of China" to "Taipei, China."

Asked if Taiwan was ready to show flexibility over this question in a bid to rejoin international world bodies, Mr. Yu told reporters here: "It would depend on the changes of the environment."

"As long as our national dignity can be maintained, there could be flexibility," he added, without elaborating.

Taipei is considering attending this year's Manila convention of the Asian Development Bank (ADB) as "Taipei, China" instead of "the Republic of China," press reports have said.

It has boycotted two ADB annual conventions since 1986, after the bank authorities changed its membership status to "Taipei, China" as a result of Beijing's admission as a new member that year.

Taipei, with a healthy and expanding economy, is also reportedly studying the possibility of rejoining the GATT and the IMF.

The country is currently recognised by only 10 international bodies under the name of the Republic of China, and has diplomatic links with only 22 countries.

Uruguay was the latest country to sever links with Taipei. Earlier this month it switched diplomatic recognition to Beijing.

Mr. Yu also said Taipei would soon review its policies on permitting local citizens to visit the mainland for family reunions but ruled out the possibility of authorizing sports and cultural trips to the mainland.

He said Taiwan would not open direct trading links with the mainland, adding that "trade is only a tool of the communists to achieve political purposes."

### CHINA POST Discusses Issue

OW101417 Taipei CHINA POST in English  
6 Feb 88 p 12

[Text] The authorities have worked out a set of titles under which the nation can rejoin international economic organizations, all of which contain the word "China," the INDEPENDENCE MORNING POST [TZU-LI TSAO-PAO] reported yesterday.

The names the government will accept as membership titles are the Republic of China, ROC (Taipei), China (Taiwan), China (Taipei), China-Taiwan and China-Taipei, the newspaper said.

Government authorities have been making efforts to attend the Asian Development Bank [ADB] convention in Manila in April under a national name that would not affect the ROC's "sovereignty and dignity."

The ROC, an ADB founding member, has boycotted ADB meetings for two years to protest the bank's decision to change the ROC's designation to "China, Taipei" and to allow the entry of Communist China.

In addition, the authorities also want to solve a name dispute to rejoin the General Agreement on Tariffs and Trade (GATT) after withdrawal in 1950, one year after the Communists took over the mainland.

### Premier Announces Reforms To Continue

OW110423 Taipei CNA in English 0305 GMT  
11 Feb 88

[Text] Taipei, Feb. 11 (CNA)—Premier Yu Kuo-hua said Wednesday that the Republic of China [ROC] will continue to promote political reforms and to accelerate economic liberalization and internationalization.

Premier Yu, in a year-end press conference, the fourth since he took office, clearly answered 18 questions raised by local and foreign reporters.

He pointed out that thanks to the farsightedness of the late President Chiang Ching-kuo in laying a solid foundation for future national development, the government has been operating normally and society has remained stable following the passing of the national leader.

There are many tasks for the government to complete in the year to come, he said, but the most important of all is to strictly implement all the policies and to complete all the programs that have been started.

The premier said the Executive Yuan will soon work out concrete measures based on the principles set by the ruling Kuomintang [KMT] to strengthen the ROC's central parliamentary organizations, to institutionalize local government systems and to allow the establishment of new political parties.



Speaking on the ROC-U.S. relations, Premier Yu said the substantive ties between the two nations have become even closer than before 1979 when they maintained diplomatic relations.

He pointed out that with the ROC's efforts to open local markets and to increase imports, the ROC's trade surplus with the U.S. will be gradually reduced and their trade ties further cemented in the future.

On economic affairs, Yu said the government will continue the policy of economic liberalization and internationalization as well as accelerate the implementation of various economic development projects that will make the nation more prosperous and more equitably distribute the nation's wealth among all the people of the nation.

In the meantime, he said, the government will also emphasize the maintenance of social order, pay attention to environmental protection, improve social welfare programs, upgrade people's living standards and enhance educational, cultural and scientific development to help build a "wealthy but polite" society in Taiwan.

Yu said the Executive Yuan will strengthen coordination and cooperation among all government agencies to improve administration. It will also solicit both public and expert opinions in formulating national policies so as to ensure national interests and the people's well-being.

As to whether the government will revise its policy towards the Chinese mainland, Yu said although the government has considered making some changes in its mainland policy, "now is not the right time to talk about it."

He noted that the government will never authorize academic or sports exchanges with the Chinese mainland because the Chinese Communists will use those sports activities as a part of their united front operations against the nation.

Commenting on the rapid increase in street demonstrations and other activities which have threatened social order, Yu said there is no need to worry about the situation because it is usually a normal phenomenon as the nation is becoming freer, more open, and more democratic.

Asked whether he plans to have more non-KMT cabinet members in the near future, Premier Yu replied that he is not considering the issue at present because there are no immediate plans to reshuffle the cabinet. However, he stressed that the government will employ capable citizens, regardless of their party affiliation.

Premier Yu also said that the government will raise the salary of government employees, servicemen and teachers in public school by eight percent beginning July 1.

Executive Yuan Secretary General Wang Chang-ching and Shaw Yu-ming, director general of the Government Information Office, were present at the 75-minute meeting.

### Trade Deficit Issue Gets Government Attention

#### Import Tariffs Cut

OW110754 Taipei CHINA POST in English  
7 Feb 88 p 8

[Text] Tariffs fall tomorrow on 3,575 imported items after President Li Teng-hui promulgated a revision to tariff laws yesterday.

The government is cutting tariffs by an average of 50 percent on items including automobiles, garments, petrochemicals, and machinery. The planned cuts follow similar tariffs reductions last year on some 3,000 foreign goods.

The revision, which had been the focus of heated debate during the 80th legislature session and cover the largest number items in a single round of tariffs cuts. [sentence as published]

The United States and Europe have threatened to limit exports from Taiwan if the ROC [Republic of China] does not remove import barriers and allow fair competition between foreign and local products.

Economic authorities said the government will lose an estimated NT\$100 billion in customs revenues due to the tariff cuts.

The nation's trade surplus hit US\$19.03 billion in 1987, up from the preceding year's US\$15.62 billion. About 80 percent of the surplus came from trade with the United States.

Meanwhile, officials of the Inspectorate General of Customs are working overtime these two days to inspect imported cars and other imported products that have swamped local harbors' warehouses pending the tariff reductions.

The Finance Ministry is worried that car importers will flood local customs to take delivery of their products and cause serious tariff congestion at harbors.

#### Outlines Other Measures

OW110539 Taipei International Service  
in English 0200 GMT 7 Feb 88

[Station commentary: "Balanced Trade, Anybody?"]

[Text] The Republic of China [ROC] Board of Foreign Trade has come up with an imaginative breakthrough plan for reducing the nation's trade surplus, especially with the United States. The plan involves the combination of domestic market opening measures with a new

effort to diversify export markets abroad. The plan will be sent to the Executive Yuan for review in the coming weeks. If approved, it will become effective retroactively to 1 January 1988.

Gists of the plan involve slashing import tariffs and other nontariff import barriers so as to increase imports, from the United States in particular. At the same time, the board's plan will cut exports to the United States by a whopping two-thirds while reducing imports from Japan by half. This combination alone is expected to go far toward balancing the ROC's overall trade.

On the import side, the new trade policy will emphasize the opening of domestic markets, especially in the services and investment sectors. This includes lifting import curbs in the areas of communications, transportation, finance, insurance, and other service industries. The import red tape will also be reduced.

The plan also maps out an expansion of domestic spending to fuel economic growth at home, leading toward lesser dependence on exports. This involves stepping up public investment, private type public enterprises, and offering easy-term loans to businesses so that they can upgrade automation and make investment in research and development. A lowering of the personal tax rate is also possible to help increase consumer spending.

On the export side, the ROC will strengthen measures to diversify markets abroad. Plans are to boost exports to Japan, Singapore, and Europe by encouraging local businesses to set up overseas trade centers. The Board of Foreign Trade also has decided to lift, or otherwise ease, trade restrictions with socialist countries, particularly East Europe. To complement these efforts, the board has proposed the establishment of an "overseas economic cooperation fund" to strengthen the ROC's overseas investment and to seek new import sources and export markets. If approved by the Cabinet, the plan will be in effect until December 31, 1992. That will give the ROC a full 5 years to meet its goal of reducing its overall trade surplus and achieving more balanced trade.

In recent years, the ROC on Taiwan has come under increasing pressure to reduce its trade surplus. Economic officials here have decided that the answer to the problem lies not in adjustment of currency parity rate, or in Western-style protectionism. Nor does it lie in having the ROC export less. Instead, the new policy recognizes the need to import more. When the doors to sell in the Taiwan market open wide, it will be up to foreign businessmen to step through to sell their goods. More balanced trade is just around the bend.

**Independence Advocates Appeal to Supreme Court**  
*OW110742 Taipei CHINA POST in English*  
7 Feb 88 p 8

[Text] Two dissidents convicted of advocating Taiwan independence yesterday appealed to the Supreme Court through their lawyers, court officials said.

Tsai Yu-chuan and Hsu Tsao-te, leading members of the pro-independence Formosan Political Prisoners Association, appealed against a Taiwan High Court decision last month which sentenced the two to 11 and 10 years in prison respectively for sedition.

In the appeal, their lawyers asked the Supreme Court to mete out a not guilty verdict based on article 16 of the Criminal Code.

The article stipulates that criminal responsibilities may not be avoided because of ignorance of the law, but punishment may be reduced according to the circumstances. If a person believed with good reason that his act was permitted by law, punishment may be remitted.

**Civil Servants Visits to Mainland Considered**  
*OW110505 Taipei LIEN HO PAO in Chinese*  
6 Feb 88 P 1

[Text] It has been learned that government authorities are carefully considering a move to adopt a more open measure 6 months after the implementation of the policy on permitting people in Taiwan to visit their relatives in Mainland China. The move is aimed at enabling more people in the Taiwan area to have an opportunity to visit their relatives or to see sights in mainland China.

On 2 November 1987 the government put into force a policy permitting people in Taiwan to visit their relatives on the mainland. Government officials also decided to examine the advantages and disadvantages of this policy 6 months after its implementation, in order to adopt further measures in connection with this policy.

Two months after the implementation of the policy, a government department concerned has made an initial examination of this policy. Finding that advantages outweighed disadvantages, the department urged the government to adopt more open measures.

A government official pointed out that the greatest worry in lifting the ban on travel to the mainland for the purpose of visiting relatives is the possible threat against national security. National security departments are now confident that the one-way measure of allowing people in Taiwan to visit the mainland will not pose any threat to national security.

Departments concerned are considering lifting restrictions on travel to the mainland by government employees and staff of public schools to visit relatives. Those whose work does not involve state secrets are expected to be allowed to visit their relatives on the mainland.

Some parliamentarians, experts, and scholars have suggested that sight-seeing tours to the mainland should be allowed. Government authorities have indicated that they will take this into consideration. The decision on



whether restrictions in this respect will be lifted gradually, or at once, will be made after the 6 month review of the lifting of the ban on travel to the mainland.

Because the conclusion from an initial examination of the policy on allowing travel to the mainland to visit relatives is optimistic, the government is sure to adopt more open measures. But the scale of such measures will have to be further studied. An official concerned stressed that the government will not consider a two-way open policy, and that this attitude has hitherto remained the same. Because the land and population of the mainland and those of Taiwan are disproportionate, a two-way open policy would certainly increase the population density in Taiwan. Moreover, the Chinese Communists could carry out infiltration through this channel, thus posing a threat to national security. Therefore, the government will, for the time being, not consider allowing people on the mainland to visit relatives in Taiwan.

**Kuomintang Proposes Changes to Local Statutes**  
*OW110509 Taipei CNA in English 0339 GMT*  
11 Feb 88

[Text] Taipei, Feb. 11 (CNA)—The Kuomintang [KMT] Central Standing Committee decided Wednesday to propose that the Taiwan provincial governor be nominated by the president of the Executive Yuan and then ratified by the provincial assembly. Currently, the Taiwan governor is nominated by the Executive Yuan and appointed by the president.

The KMT policy-making committee, however, set aside another proposal that Taipei and Kaohsiung city mayors be directly elected by the residents of the two special municipalities. It decided to discuss the proposal later.

Initiated by the KMT 12-member reform panel, the proposal calls for the enactment of a "statute for the organization of the Taiwan provincial government effective during the period of communist rebellion," and "statute for the organization of the Taiwan provincial assembly effective during the period of communist rebellion."

The Ministry of the Interior has submitted the two KMT-endorsed draft bills to the Executive Yuan in the afternoon for deliberation.

A ranking Executive Yuan official said that the cabinet would meet soon on the matter. If approved, the draft bills will then go to the Legislative Yuan for enactment.

Taiwan Governor Chiu Chuang-huan, who is also a member of the KMT Central Standing Committee, told the press after the committee meeting that the KMT proposal will lay a solid, legal foundation for the organization of the Taiwan Provincial Government.

Most of the provincial assemblymen also responded positively to the KMT's decision. They noted that while the nation is still in an extraordinary situation, it is not appropriate for the Taiwan governor to be directly elected by Taiwan residents.

They pointed out that according to the KMT proposal, the Taiwan governor would fully reflect public opinion because his appointment has to be approved by the provincial assembly.

**Legislative Yuan Session To Open 23 Feb**  
*OW101538 Taipei CNA in English 0237 GMT*  
10 Feb 88

[Text] Taipei, Feb. 10 (CNA)—Members of the Legislative Yuan Tuesday unanimously resolved to advance the opening of its 81st session to Feb. 23.

Registration for legislators to attend the upcoming session, originally slated for Feb. 26, began Feb. 1.

The change was proposed by legislator Wu Yen-huan because Premier Yu Kuo-hua will fly to Seoul to attend No Tae-u's inauguration as South Korean president on Feb. 25.

**Editorial Discusses Breaking Ties With Uruguay**  
*OW110045 Taipei CHINA POST in English*  
6 Feb 88 p 4

[Editorial: "Suspension of Diplomatic Relations With Uruguay"]

[Text] The suspension of diplomatic relations with Uruguay early Thursday after learning that it has recognized the Peking regime represented another diplomatic setback for the Republic of China [ROC] in South America.

The Ministry of Foreign Affairs issued a statement Thursday that "the ROC has launched a strong protest to the Uruguayan Government for establishing formal relations with Communist China, an unfriendly move which severely damages the rights of the ROC."

The statement continued, "We have decided to suspend relations with Uruguay and close our embassy in Montevideo and recall our agricultural and technical mission there.

The statement did not mention the reasons leading to the rupture of relations which has lasted for 31 years since diplomatic ties were established with that nation in 1957. But it was generally attributed to the Peking regime's tempting offer to buy large quantities of Uruguayan wool worth US\$46 million in 1987 while the purchase by the ROC only amounted to US\$6.5 million out of the total bilateral trade of US\$423.8 million in 1987.

The ROC concluded a three-year Taipei Montevideo Economic Cooperation agreement with that country in 1987 without further consultation or extension. Under



the agreement, the ROC offered Uruguay US\$6.5 million of donations and an additional US\$30 million in loans to finance the construction of warehouses and telecommunications in Uruguay.

It also promised to purchase 70,000 tons of soybeans worth about US\$18 million. The agreement will be canceled in retaliation to Uruguay's break of relations with the ROC.

The severance of ties will reduce the number of nations maintaining formal relations with the ROC to 22 while unofficial relations are maintained with more than 140 countries.

It would not hurt the ROC economically. Nor would it make too much difference in our international activities as we are not a member of the United Nations and many other international organizations.

Uruguay, on the other hand, aspires to be more active in the global community and would like to have the support of the Peking regime in seeking the membership of world organizations.

It is unfortunate that Uruguay is so shortsighted in succumbing to Peking's silver-bullet diplomacy and switched its good relations with the ROC to that with a dictatorial and inhuman Communist regime.

Uruguay has thus opened its door wide to Chinese Communist infiltration and subversion. Its willingness to trade honor for some moderate monetary gains is truly beyond comprehension.

It should realize the shaky condition of the Chinese Communist economic and financial situation with foreign exchange reserves having dwindled to about US\$2 billion. Uruguay will face an uncertain future in whatever commercial transactions it may agree on with the Peking regime.

Uruguay is not a wealthy nation either, with its foreign debts estimated at about US\$5.5 billion and its foreign trade at only about US\$2 billion. It cannot afford to team up with a poor nation like the Chinese Communist regime which tries to attract foreign loans and investment to help weather its financial crisis. Uruguay would not achieve its objective of raising its status in the international community.

On the other hand, our government authorities should utilize this debacle to reexamine our failure to prevent a friend from abandoning us at this juncture. Even though Uruguay's desertion would not hurt us economically and commercially, the excuse advanced by some government authorities that we have committed no mistakes and the fault lies on Uruguay's side can no longer convince everyone.

We should analyse why such a debacle occurred and why our ambassador did not anticipate its occurrence. Or if he did, why were no emergency measures adopted to prevent the rupture?

As Uruguay is the second South American nation to betray us in the recent three years after the Bolivian debacle in July 1985, there is indeed an urgent need to revamp our foreign policy measures in that pivotal region.

Fortunately we have the solid friendship of Paraguay and Panama, which are situated at the two extreme ends of the South American continent. We should strengthen those positions without further delay and spare no effort to consolidate our relations with these two nations and other Latin American countries.

As the ROC is the world's second most wealthy nation with its US\$75 billion foreign exchange reserves, it is ironic and ridiculous to have a poor regime like the Chinese Communists defeat us in silver-bullet diplomacy in both Bolivia and Uruguay. It is time our authorities woke up from the complacent attitude and accept the Communist challenge.

**Paper Urges More 'Patience for President Li'**  
*OW101123 Taipei CHINA POST in English*  
5 Feb 88 p 4

[Editorial: "A Little More Time and Patience for President Li"]

[Text] Li Teng-hui finally became both president and acting chairman of the ruling party after an interlude of uncertainty that passed smoothly. This is an event that deserves to be applauded by the entire nation.

The members of the innermost circle of the Kuomintang, after the loss of a strong and powerful leader, have been able to put behind them their own prejudices. They have pooled their efforts to maintain the unity of the party and have taken the first big step toward realizing the late President Chiang Ching-kuo's plan for constitutional democracy.

The practice of constitutional democracy is no easy matter, especially when our nation has shouldered an aristocratic burden for thousands of years through more than 20 dynasties. Transfer of power, except for family inheritance, was usually achieved through conspiracy or the use of arms.

Chiang, with his unparalleled wisdom and courage, handpicked his successor and carefully paved the way for his succession. Li has now formally assumed his post and is ready to face a historic challenge.

According to the democratic routine, a political leader is chosen through elections. Li's succession is legal, but he did not undergo elections in the true sense and did not

take on open competition. Whether he will receive public support will depend on his future endeavors and performance, his political wisdom and potential.

In a country where democracy and the rule of law have already taken shape, a political leader elected by the people must have many outstanding qualities to be able to stand out from among the candidates. But once he is elected, everything will follow the regular routine and duties will be more easily carried out.

At this time and place, we are only learning to take the first few steps toward democracy, replacing old concepts with new ones. Any destabilizing conduct during this period that gives rise to a society not ruled by law offer the biggest test to our new leader. Li will need almost superhuman wisdom, energy and perseverance to face this challenge.

We only hope that both the ruling and opposition parties will recognize this point and give Li a little time and patience and a chance to develop his potential. We will also be giving Chiang an opportunity to prove that he made the right choice in the successor he carefully selected and nurtured.

**Over 22,000 Convicts To Get Sentences Commuted**  
*OW110407 Taipei CNA in English 0300 GMT*  
11 Feb 88

[Text] Taipei, Feb. 11 (CNA)—Justice Minister Shih Chi-yang estimated Wednesday that 22,047 convicts are expected to benefit from the Republic of China Government's commutation of sentences.

The Justice Ministry has organized a task force to draft a formula for the clemency program, Shih told a press conference.

Acting Chairman Li Teng-hui of the ruling Kuomintang ordered the commutation program to "embody the late President Chiang Ching-kuo's kindness and benevolence to the people."

President Li's move has triggered positive responses among the general public. Taiwan provincial assemblyman Hen Ching-hsing, for instance, hailed the president as a person who pays much attention to public opinion.

The Republic of China granted clemency to jailed citizens in 1946, 1947, 1959, all to help reconstruct the nation following the eight-year Resistance War Against Japan and the rebellion of the Chinese communist.

The late President Chiang Kai-shek, in accordance with the Constitution, ordered a nationwide commutation of sentences in 1971 to commemorate the 60th founding anniversary of the Republic of China. Some 6,000 prisoners were released then.

Four years later, the government again commuted sentences in memory of the late President Chiang Kai-shek, with 3,600 convicted citizens being released.

**Officials Approve Netherlands-Built Submarine**  
*OW110631 Taipei CNA in English 0343 GMT*  
11 Feb 88

[Text] A Southern Taiwan Naval Base, Feb. 11 (CNA)—The Sea Dragon, the first capacity-enhanced Swordfish-class submarine bought by the Republic of China from the Netherlands, Wednesday made its debut on the high seas eliciting applause from the audience.

Members of the Legislative Yuan's National Defense Committee on board the submarine and another warship to observe its performance profusely praised its capacities for diving, surfacing, circling and sailing quickly underwater.

The Sea Dragon operated nimbly and perfectly, committee members said, adding that they are fully confident that the submarine will be able to safeguard the nation's territorial waters.

The submarine's excellent performance Wednesday has refuted reports that it would dive and never rise.

Defense Minister Cheng Wei-yuan told the legislators that the nation would take delivery of the second sister submarine, dubbed "Sea Tiger," from the Netherlands in May.

## Hong Kong

### Release of White Paper Causes Reactions

#### XINHUA Reports

OW101707 Beijing XINHUA in English 1659 GMT  
10 Feb 88

[Text] Hong Kong, February 10 (XINHUA)—The Hong Kong Government stresses in a white paper today that the pace of the reform of government system should not be forced to an extent that might introduce instability and uncertainty into the administration of Hong Kong.

Compiled on the basis of the extensive discussions among Hong Kong residents in the latter half of last year, the white paper entitled "The Development of Representative Government: The Way Forward" sets out the government's decisions on the steps in the development of representative government, including introducing a number of directly elected members into the legislative council in 1991.

While drafting the white paper, it says, the government has taken full account of all the views expressed by the public and has also kept in mind the special circumstances of Hong Kong — the provisions of the Sino-British Joint Declaration on the Question of Hong Kong — and the progress made by the Chinese Government in drafting the Basic Law for the Future Hong Kong Special Administrative Region.

Over the most controversial problem of direct elections to the Legislative Council, the white paper says, "there is wide support among the people of Hong Kong for the principle of introducing some directly elected members into the Legislative Council, but that the community is divided over the timing of this move."

"On the question of timing, the government has concluded that it would not be right to make such a major constitutional change in 1988, given that opinions in the community on this issue are so clearly divided," it declares.

"The maintenance of stability requires that the development of Hong Kong's system of representative government should continue to be evolutionary rather than revolutionary," it explains.

The white paper also notes that the Hong Kong governor will continue to be president of the Legislative Council. It also covers the present system of representative government, composition of the Legislative Council, and some practical aspects of elections.

#### Paper Welcomes Report

HK110657 Hong Kong HSIN WAN PAO in Chinese  
10 Feb 88 p 3

["New Talk" column: "The White Paper Demonstrates the Spirit of Gradual Advance"]

[Text] The Hong Kong Government today released the "White Paper: The Development of Representative Government," which has been the focus of people's attention. This is another important document following the "Green Paper: 1987 Review of the Development of Representative Government" released last May.

After an initial reading, we find that this is a fair report compatible with the spirit of the Joint Declaration of the governments of China and Britain on the Hong Kong issue and conducive to the maintenance of Hong Kong's stability and prosperity.

The main part of the "White Paper" is the general objectives put forward in the first chapter: "Introduction." This is a summary of the spirit of the document. Then various chapters respectively put forward views and steps to be taken on such matters as the present system of representative government, direct elections to the Legislative Council, the composition of the Legislative Council, the district boards, and the municipal councils, the presidency of the Legislative Council, and so forth.

It seems that because of the heated discussion by various sections of society on direct elections to the Legislative Council in the past year, a special chapter has been devoted to this problem. Frank answers have also been provided without evasion.

In terms of its overall spirit, the "White Paper" advances in many chapters the doctrine of there being two aspects to a thing. This means that as far as improvement to the political system is concerned, the substantial progress in recent years or improvement to be sought in the future must take into account the two aspects. On the one hand, we must strive to maintain political stability and economic prosperity and exercise effective control. On the other hand, we must have evolution, with the development of Hong Kong society. This fits in with the ever-increasing demands and rising aspirations of society, with its support ensured.

With these two aspects unified in concrete action, the various steps to be taken, as announced in the "White Paper," will develop gradually and progressively. The pace will not be forcibly accelerated so as to cause the emergence of a situation of instability and uncertainty.

The last passage in the first chapter particularly stresses that this document has taken full account of all the views expressed by the public during the period of review. It has also kept in mind three points: a) The special circumstances of Hong Kong; b) the provisions of the



Sino-British Joint Declaration on the Question of Hong Kong; c) the progress made by the Chinese Government in drafting the Basic Law for the future Hong Kong Special Administrative Region.

Last year's "Green Paper" just stressed the historical background behind Hong Kong's political system. Now the "White Paper" lays emphasis on analyzing Hong Kong's special circumstances. The "Green Paper" just talked about the Sino-British Joint Declaration. The "White Paper" for the first time refers to the Basic Law. All this shows that the issue has been considered in a more thorough and mature manner.

The answers to questions about direct elections to the Legislative Council, announced in section 28 of the "White Paper," similarly give expression to the doctrine of there being two aspects to a thing. Due to the existence of obvious social differences on this problem, "direct elections in 1988" will not be held. But in 1991, a number of Legislative Council members will be elected through direct elections. It seems this decision will have a good effect on the matter of maintaining convergence with the Basic Law.

At present, the international financial market is unsettled. The economy is not stable. Protectionism is rearing its head. The Hong Kong currency is under pressure. People in various circles in Hong Kong have in the past year paid relatively great attention to the reform of the political system. With the release of the "White Paper," the direction has generally been clarified. Various quarters will in future more actively pool their wisdom in the economic field. This will make for further prosperity in Hong Kong.

#### Critics Decry PRC Influence

HK110359 Hong Kong Commercial Radio  
in English 0000 GMT 11 Feb 88

[Excerpts] Reaction to the white paper on political reforms, released yesterday, has been adverse so far. Critics claim the document is one that toed the Chinese line completely. Baptist College lecturer John Young pointed out that it was clear Beijing had exerted pressure on the Hong Kong Government.

[Begin Young recording] It's apparent that the Hong Kong Government has had extensive consultation with China in order to arrive at some of the conclusions in the white paper. So, in a sense this confirms the general perception that the Hong Kong Government is sort of lame duckish, that it needed approval from China to give the people of Hong Kong direct elections in 1991. [end recording]

These sentiments were echoed by pressure group leader Yeung Sum of Meeting Point, who said it appeared China had written the white paper. He wanted the

government to pass laws to ensure that direct elections will be held in 1991 as promised. But Deputy Chief Secretary John Chan denied a deal had been struck with Beijing on that document.

[Begin Chan recording] The British and Chinese Governments have regularly maintained contact and have had regular exchanges of views on matters of common interest and concern. It is also no secret that the Hong Kong Government has kept the Chinese informed of the development of the thinking within Hong Kong on the issues discussed in the green paper, but I stress again that the decisions which have been taken and which are recorded in the white paper are decisions taken by the Hong Kong Government. [end recording]

The white paper itself rules out direct polls until after the Basic Law is drafted and offers only 10 seats initially. There are not many other changes, with caution the underlying spirit of the document. [passage omitted]

Outspoken Legislative Council member Martin Lee has come down with a scathing criticism of the white paper, saying it is a step backward.

[Begin Lee recording] Anybody who can pretend that this document represents the way forward must be sleep-walking, because first of all he must be dreaming, and in his sleep he is walking forward. Not only are we not moving forward at all for 3 years in 1988, we are also not really going forward in 1991. [end recording] [passage omitted]

#### Officials Explain Report

HK110325 Hong Kong Domestic Service in English  
2310 GMT 10 Feb 88

[From the "Hong Kong Today Program"]

[Excerpts] [Anchorman Nick Bailey] The government has ruled out direct elections this year, and instead guaranteed their introduction in 1991. The White Paper is cautious and advocates minimal political change this year, preferring instead to wait until the Basic Law is promulgated in 1990. Here's Sally Blyth:

[Begin recording] [Blyth] Prudence and gradual evolution were the key words in the white paper, and this was underlined by the Chief Secretary, Sir David Ford, when he tabled the document yesterday. He said the government had always advocated a cautious approach in all its policy decisions. Hand-in-hand with this, the administration was also conscious of the crucial importance of maintaining confidence in the years leading up to 1997.

[Ford] One of the ways in which confidence will be maintained is to ensure that the system continues to evolve in a way which not only meets the wishes and aspirations of Hong Kong people—and that is vitally important—but also in ways which are compatible with the achievement of smooth transition. Our aim must

therefore be to provide for the greatest possible continuity of the system of representative government before and after the transfer of government.

[Blyth] He also said that he felt that the policies now practiced had the full support of the community.

[Ford] I cannot believe that future members of this council, however they are elected, will wish to put our continuing success at risk by experimenting with vastly different policies from those which have so clearly benefited the community over recent decades.

[Blyth] With these principles in mind, the government decided against major changes this year, and there were few surprises in the white paper. On the issue of direct elections, Sir David made extensive reference to last year's survey exercise. He said there had been overwhelming support for the introduction of direct elections, but opinions on whether they should be introduced this year were sharply divided. In the light of the diversity of views, the government said it considered very carefully whether it would be right to go ahead with direct elections this year.

[Ford] The introduction of direct elections into the Legislative Council [Legco] of government is a very significant step. When we take this step, we must be quite certain that we carry with us the wholehearted support of the community as a whole. We believe that if we were to proceed with direct elections in 1988, we should have no such assurance. But if for these reasons 1988 is not the right year, then there should be a clear decision on when this important change in our political system should be made. Government has therefore decided that in 1991, 10 directly-elected seats will for the first time be introduced into the Legislative Council, in place of the 10 seats presently indirectly elected by the district board constituencies of the electoral college.

[Blyth] Sir David went on to explain that the government felt that it would be wrong to have members elected both directly and indirectly from geographical constituencies, as it would make the council too big. The urban and regional councils though will continue to elect a representative each to Legislative Council.

The government has also decided against making other radical changes to the composition of Legco this year. There will be two additional functional constituency seats, for the nurses and accountants, but two fewer appointed members. There will also be no change in the number of official members. In other words, the total number of councillors will remain at 56. The governor will also remain as president of the council.

However, the white paper does propose significant changes to the Urban Council. Urban district boards will be able to elect 10 representatives to that body, which will mean as from next year there will be 40 urban councillors, 10 more than at present. [passage omitted]

Sir David noted that in drafting all the proposals in the white paper, the government had taken into account the provisions of the Joint Declaration, the progress made by the Chinese Government in the drafting of the Basic Law, and public opinion.

[Ford] Indeed, public opinion has been the most important factor in the minds of members of the Executive Council when deciding how the system of representative government should be developed in Hong Kong.

[Blyth] And although the document stopped short of making any changes to the system after 1991, Sir David acknowledged that there would be a need to bring Hong Kong's political system in line with the Basic Law and the Joint Declaration. [end recording]

[Bailey] The governor, Sir David Wilson, believes the provision of directly-elected seats in 1991 is an immense step forward for Hong Kong.

[Begin Wilson recording] This is an important day for us here in Hong Kong. We now have a clear decision that for the first time a directly-elected element will be introduced into the Legislative Council in 1991. This means that in the short space of 6 years, from 1985 to 1991, we will have moved from a situation where all members of the Legislative Council were appointed to one in which for the first time we have some members who are directly elected. It's the end of a long process of consultation and discussion. During that, many different views have been put forward. Now that the decision has been taken, I hope that the whole community will devote their efforts to ensuring that these arrangements work, and work in a way which is to the real benefit of the community of Hong Kong. [end recording]

[Bailey] Sir David, who was speaking after the council meeting, went on to explain the rationale behind the decisions in the white paper.

[Begin Wilson recording] The decisions taken by the Hong Kong Government have essentially been based on the views of the people of Hong Kong as they were expressed during the review process. Those views showed three things quite clearly: First, that there is enormous interest in the whole issue; secondly, that the community wants direct elections, and they want them before 1997; thirdly, that the community is split, and split sharply, on the question of whether those direct elections should be brought in in 1988. It was on that basis, and on that basis alone, that the government took its decision. [end recording]

[Bailey] To expand further on the thinking and rationale behind the white paper, we have invited to join us the Deputy Chief Secretary, Mr John Chan. Good morning, Mr Chan.

[Chan] Good morning.



[Bailey] Do you believe, as the governor was saying there, that in fact these proposals do have and will have in the future the approval of the great majority of the people of Hong Kong?

[Chan] We certainly believe that that will be the case.

[Bailey] Was it fortuitous, do you think, that these proposals were in line basically with what the survey office reported, or would they have had to have been something along these lines, even if the people of Hong Kong had not seen it that way? I'm thinking of the shadow of China, about which you were questioned very closely yesterday.

[Chan] I don't think there is anything of the fortuitous about this. The decisions that the government has taken were taken very consciously after very careful examination and consideration of the views expressed by people during the consultation process. They were conscious decisions.

[Bailey] But there must have been very clear constraints, as a result of your consultations with China.

[Chan] There were very clear constraints, in the sense that we had to respond to the wishes of the people of Hong Kong, the views expressed during the consultation period was the constraint on our decisions. Hong Kong's best interests, the need for stability, all these were parameters, or if you like, constraints, but there were no external constraints.

[Bailey] Nineteen eighty-four gave a promise of a new democratic dawn, if I can put it like that. And even in the white paper, and the speeches of its supporters, there have been many assertions of the need for change and more representative government. Yet surely when you look at the actual proposals in the white paper, they could be called only the bare minimum.

[Chan] I do not agree with that, and I do not think that the development of a system of government is something that one should look at in snapshots, I mean, one should not look at a particular white paper or a particular proposal at any particular time. The development is a long and continuous process, and one has to look at the process as a whole, and let us remember that it was only in 1985 that for the first time ever in Hong Kong's history, we had in one go 24 elected members in the Legislative Council. Prior to that the Legislative Council was entirely appointed.

Now in this white paper we have laid down a clear timetable, we have charted a clear course. We say, come 1991 there will be 10 directly elected members. And in the white paper we have also made it clear that further developments will have to take place between 1991 and 1997, and perhaps I should add too that the process is

not going to stop in 1997. It is quite clear that there will be plenty of scope for further evolution and the system should evolve in step with developments in Hong Kong society.

I must say that for the system to have developed from a totally appointed one to one with a very substantial proportion of indirectly elected members, and then in a few years time to one with a directly-elected element is by any standards a very impressive rate of development.

[Bailey] That may be, Mr Chan, but you said that it can be a long process. I put it to you that it can't be. Nineteen ninety-seven is a very definite date. We've got 10 directly elected members for 1991, there will be something like 16 or so members elected indirectly. You will still have 10 government officials, you will still have 20 appointed members, and they have got a term lasting up to 1994 or 1995. You will only have 2 years after that until 1997. Is that really enough time?

[Chan] Well we certainly think that there will be enough time for Hong Kong's system to develop before 1997, and there will be room for further evolution after that.

[Bailey] And the next step is to, so to speak, sell the white paper to the Legislative Council.

[Chan] Yes. Well, we think that, given that the decisions in the white paper are decisions which the government firmly believes fully reflect the wishes of the people and are taken in the best interests of Hong Kong, we are quite sure that most Legislative Council members will agree with us that they are the right decisions. [passage omitted]

[Bailey] Well, someone who has welcomed the white paper is the Foreign Secretary, Sir Geoffrey Howe. He says it's an important step toward the steady development of representative government in the territory. But concern was voiced on both sides of the House of Commons that the proposals did not go far enough, particularly in view of their failure to introduce direct elections in the Legislative Council before 1991. Liz Robins reports from London.

[Begin recording] [Robins] British members of parliament last debated Hong Kong only 3 weeks ago, and Sir Geoffrey was at pains to point out that the white paper had taken account of the views expressed on that occasion. He was happy to recommend it to the House.

[Howe] We are committed to the steady development of representative government in Hong Kong. We believe that the decisions set out in the white paper mark an important step in that direction, that they represent a balanced and reasonable response to the views expressed by the people of Hong Kong and their representatives.

[Robins] But to Labour's chief foreign affairs spokesman, Gerald Kaufman, the white paper was timid and a considerable let-down, which he claimed did little more than tinker with the status quo. The proposals for direct elections were distinctly inadequate, and they were not due to take place until 1991 despite a strong campaign to bring them in this year. [passage omitted]

Sir Geoffrey was happy to put the record straight.

[Howe] There was no commitment beyond that to undertake a review, and there is no foundation whatsoever that we have gone back on any commitment whatsoever, and I think that it's very important that that proposition should be nailed now and nailed firmly. [passage omitted] [end recording]

[Bailey] The senior legislative councillor, Miss Lydia Dunn, believes that the white paper removes a major

point of uncertainty regarding the future political system. She's called on people to work together in the years ahead. Miss Dunn also said she strongly supported the government's commitment to direct elections in 1991. [passage omitted]

Another councillor, Dr Helmut Sohmen, viewed the white paper with mixed feelings.

[Begin Sohmen recording] I'm in a sense disappointed that we will still have direct elections on a partial basis. And in a format that in my mind will perhaps not give cause for consensus in the future, but will provide an opportunity for possibly greater tension in the future within the Legislative Council and within the community. [end recording] [passage omitted]



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